

Official Statement

*Madera Unified School District
School Building Corporation
Madera County, California*


\$2,600,000 Series of 1979 Bonds

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Bids to be received by the Corporation on Tuesday, August 28, 1979, at 10:00 a.m.
at the Conference Room of Stone & Youngberg Municipal Financing Consultants, Inc.,
Suite 2750, One California Street, San Francisco, California.



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OFFICIAL STATEMENT
\$2,600,000 SERIES OF 1979 BONDS
MADERA UNIFIED SCHOOL DISTRICT
SCHOOL BUILDING CORPORATION

Ross Thornton, *President*
Julius H. Mattingly, *Vice President* Dr. Edward Grootendorst, *Director*
Fred D. Iverson, *Treasurer* Richard Jensen, *Director*
Joanne Brazil, *Secretary*

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ADMINISTRATIVE STAFF

Dr. Duane E. Furman, *Superintendent*
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ARCHITECTS
United California Bank, *San Francisco, California*
TRUSTEE
Bankers Trust Company, *New York, New York*
PAYING AGENT
Harris Trust and Savings Bank, *Chicago, Illinois*
PAYING AGENT
United California Bank, *Los Angeles, California*
PAYING AGENT

THE DATE OF THIS OFFICIAL STATEMENT IS JULY 31, 1979

DEC 19 2024

TO WHOM IT MAY CONCERN:

UNIVERSITY OF CALIFORNIA

The purpose of this Official Statement is to supply information to prospective bidders on, and buyers of, \$2,600,000 principal amount of Series of 1979 Bonds, proposed to be issued by the Madera Unified School District School Building Corporation.

The material contained in this Official Statement was prepared by Stone & Youngberg Municipal Financing Consultants, Inc., in the capacity of financing consultants to the Corporation and the Madera Unified School District (which firm will receive compensation from the Corporation contingent upon the sale and delivery of the Bonds).

This Official Statement is not to be construed as a contract with the purchasers of the Series of 1979 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The agreements of the Corporation with the purchasers of the Series of 1979 Bonds are set forth in the Indenture, a copy of which will be available to any prospective investor in the Series of 1979 Bonds. Reference is hereby made to the Indenture for a complete statement of the rights and obligations of the Corporation and holders of the Series of 1979 Bonds.

No dealer, broker, salesman or other person has been authorized by the Corporation to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of the Series of 1979 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

The members of the governing board of the Madera Unified School District have reviewed this Official Statement and have determined that as of the date hereof the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading. The Madera Unified School District will deliver to the purchasers of the Series of 1979 Bonds a certificate as to the above, dated the date of bond delivery, and further certifying that the signatories know of no material adverse change in the condition of the District which would make it unreasonable for the purchasers of the Series of 1979 Bonds to rely upon the Official Statement in connection with the resale of the Bonds, and authorizing the purchasers of the Series of 1979 Bonds to distribute copies of the Official Statement in connection with the resale of the Series of 1979 Bonds. 100 copies of the Official Statement will be supplied to the purchasers of the Series of 1979 Bonds for this purpose.

The opinion of Orrick, Herrington, Rowley & Sutcliffe, San Francisco, California, Bond Counsel to the Corporation, will be furnished to the successful bidder (see the section entitled "Legal Opinion" herein). Bond counsel's fee is payable from the proceeds of the Bonds and is contingent upon Bond delivery, except if the Bonds are not issued and the Project is abandoned, Bond Counsel will receive a fee based upon the amount of work performed to said time of abandonment.

Dated July 31, 1979.

MADERA UNIFIED SCHOOL DISTRICT
SCHOOL BUILDING CORPORATION

SUMMARY OF ESSENTIAL FACTS AND ESTIMATES

Madera Unified School District School Building Corporation

\$2,600,000 Series of 1979 Bonds

Issuer and Authority for Issuance: Madera Unified School District School Building Corporation, organized pursuant to the General Nonprofit Corporation Law of the State of California (Title 1, Division 2, Part 1 of the California Corporations Code). The Bonds are issued pursuant to an Indenture between the Corporation and United California Bank, San Francisco, California, as Trustee.

Purpose of Issue: Finance the construction of a new elementary school and classroom additions at four existing schools, the "Project", for lease to the Madera Unified School District pursuant to a Facility Lease, the "Facility Lease".

Issue of Bonds: \$2,600,000 principal amount of the Corporation's Series of 1979 Bonds, dated September 1, 1979 and maturing on March 1 as follows:

Maturity Date March 1	Principal Amount	Maturity Date March 1	Principal Amount
1982 ...	\$ 45,000	1993 ...	\$110,000
1983 ...	50,000	1994 ...	120,000
1984 ...	55,000	1995 ...	125,000
1985 ...	55,000	1996 ...	135,000
1986 ...	60,000	1997 ...	150,000
1987 ...	65,000	1998 ...	160,000
1988 ...	75,000	1999 ...	175,000
1989 ...	80,000	2000 ...	190,000
1990 ...	85,000	2001 ...	205,000
1991 ...	95,000	2002 ...	220,000
1992 ...	100,000	2003 ...	245,000

Interest: Maximum rate not to exceed 8 percent per annum, payable semiannually on March 1 and September 1 of each year, commencing March 1, 1980.

Time and Place of Sale: Tuesday, August 28, 1979 at 10:00 A.M. at the Conference Room of Stone & Youngberg Municipal Financing Consultants, Inc., Suite 2750, One California Street, San Francisco, California.

Payment and Registration: Interest and principal payable at the principal office of United California Bank, San Francisco, California (the Trustee), or in the case of coupon bonds at the principal office of Bankers Trust Company in New York, New York, at the office of Harris Trust and Savings Bank in Chicago, Illinois, or at the principal office of United California Bank in Los Angeles, California.

Call Provisions: All bonds callable under certain circumstances from proceeds of insurance or eminent domain on any date without premium. Bonds maturing on or before March 1, 1995 not otherwise callable. Bonds maturing on and after March 1, 1996 also callable on any interest payment date on or after March 1, 1990 at a maximum premium of 3 percent and at lesser premiums in subsequent years as specified in the Indenture.

Tax Exemption: In the opinion of Bond Counsel, interest on the Series of 1979 Bonds is exempt from all present federal and State of California personal income taxes.

Eligibility for Deposits of Public Monies and for National Banks: The Series of 1979 Bonds are eligible to secure deposits of public funds in California under Section 53651.5 of the California Government Code. It is believed the U.S. Comptroller of Currency will issue a ruling that the Series of 1979 Bonds are eligible for purchasing, dealing in, underwriting and unlimited holding by national banks.

Legal Opinion: Orrick, Herrington, Rowley & Sutcliffe, San Francisco.

Security: Payment of Bond interest and principal secured by a first and exclusive charge upon District base rental payments under the Facility Lease. Rental payments are general fund obligations and District covenants to budget and appropriate necessary funds each year.

District voters have approved a \$0.159 per \$100 assessed valuation maximum annual tax rate increase over the period 1977/78 to 2002/03 for Project purposes. Proceeds of the voter approved

maximum tax rate increase may be used only to meet District rental obligations and related costs for Project facilities.

Principal source of District funds to pay rental is expected to be the voter approved tax for Project purposes. See the sections of this Official Statement entitled "1978 Constitutional Amendment, Supreme Court Validation, and Implementing Legislation" beginning on page 8 and "Proposed Government Spending Limitation Initiative" beginning on page 11 relative to the possible impact on the District's continuing ability to levy the voter approved tax for Project purposes.

The District expects to levy the voter approved tax for Project purposes in 1980/81 for rental obligations commencing on August 15, 1981. The District's staff estimates 1980/81 assessed valuation of the District at a minimum of \$195,066,000 on the basis that the District's 1977/78 assessed valuation (\$183,815,481) will increase at the rate of at least 2 percent per year to compensate for inflation as permitted under Section 2(b) of Article XIII A of the California Constitution, and no major natural disasters will occur in the District which would cause a significant reduction in values of property damaged or destroyed in a disaster.

Based on the estimated minimum 1980/81 assessed valuation of the District (\$195,066,000), the voter approved maximum lease tax of \$0.159 per \$100 assessed valuation provides coverage of 1.18 times the estimated maximum annual rental obligation of the District (\$258,300). The coverage ratio is anticipated to be greater than 1.18 to the extent that: (1) the Series of 1979 Bonds are sold at a rate less than the maximum permitted rate of 8 percent, and (2) the District's assessed valuation increases between 1977/78 and 1980/81 at a rate greater than 2 percent due to (a) new construction undertaken in the District from March 1, 1978 through March 1, 1980, and (b) changes in ownership of properties presently assessed at 1975/76 tax roll levels.

Other Protective Provisions of the Series of 1979 Bonds: (1) Reserve equal to one-half maximum an-

nual debt service created from bond proceeds; (2) interest funded from bond proceeds through March 1, 1981, or six months beyond the estimated completion of construction and date of occupancy; (3) initial semiannual rental payment due on August 15, 1981, or approximately eleven and one-half months beyond the estimated completion of construction and date of occupancy; (4) firm construction bid has been received with 100% faithful performance and 100% labor and materialmen's bonds; (5) insurance protection includes fire and extended coverage for not less than full replacement costs of the facilities or sufficient to pay Bonds, subject to a deductible clause not to exceed \$50,000 for any one loss; earthquake insurance after completion, if such insurance is available at reasonable cost on the open market from reputable insurance companies, for not less than full replacement cost of the facilities or sufficient to pay Bonds, subject to a deductible clause not to exceed 10 percent of replacement cost for any one loss; rental interruption insurance equal to time required to reconstruct structure plus three months; public liability and property damage insurance; and a policy of title insurance in the amount of the Bonds insuring the Corporation's interest in the site upon which facilities are to be located.

The District: Encompasses approximately 440 square miles in the San Joaquin Valley and is approximately midway between Sacramento and Bakersfield on U.S. Highway 99. Population is estimated at 33,000, approximately 58 percent of which live in the City of Madera. District's economy is based on agriculture, food processing, government and trade.

District Financial Data: Five year history shows: (1) gradual increase in average daily attendance from 7,883 in 1974/75 to 8,407 in 1978/79, (2) growth in assessed valuation from \$109,953,695 in 1974/75 to \$183,815,481 in 1978/79, and (3) current tax delinquency rates average of 1.83 percent.

ALL OF THE TERMS OF THIS SUMMARY OF ESSENTIAL FACTS AND ESTIMATES ARE SUBJECT TO THIS OFFICIAL STATEMENT AND THE OFFICIAL NOTICE OF SALE OF THE BONDS.

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The Madera Unified School District is located in the San Joaquin Valley, approximately 165 miles southeast of San Francisco.

MADERA UNIFIED SCHOOL DISTRICT SCHOOL BUILDING CORPORATION

Organization and Membership

The Madera Unified School District School Building Corporation, herein referred to as the "Corporation", was formed in March 1979, as a nonprofit corporation pursuant to the General Nonprofit Corporation Law of the State of California (Title 1, Division 2, Part 1, of the California Corporation Code). The purpose of the Corporation is to provide financial assistance to the Madera Unified School District, Madera County, California, herein referred to as the "District", by financing the acquisition and construction of public school buildings and facilities for lease to the District.

The Corporation functions as an independent entity and its policies are determined by a Board of Directors who are residents of the District and active in civic affairs. The members of the Board of Directors, who serve without compensation, are:

Ross Thornton, President. Mr. Thornton, a resident of Madera County for 15 years, is employed as sales manager for a surgical supply firm. He served as Chairman of the District's School Bond Election Committee.

Julius H. Mattingly, Vice President. Mr. Mattingly, a Madera County resident for 33 years, is employed as a mechanical draftsman and welder. He has been active in a number of parent-teacher and other District-related organization and has served as President of the Madera High School Parent Council, Vice President of the Madera Chapter of the American Field Service at Madera High School, and Member of the District's Affirmative Action Advisory Committee.

Fred D. Iverson, Treasurer. Mr. Iverson has resided in Madera County for 25 years. He is employed as an administrator in the construction industry.

Joanne Brazil, Secretary. Mrs. Brazil, a resident of Madera County for 34 years, is employed as a real estate salesperson in Fresno. She was formerly employed by Madera County as a social service worker. Mrs. Brazil served as chairperson of the Southeastern Committee For Better Schools and Co-Chairperson of the District's School Bond Election Committee.

Dr. Edward Grootendorst, Director. Dr. Grootendorst is a self-employed chiropractor who has resided in Madera County since 1960. He served on the District's Board of Education from 1969 to 1977 and held the offices of Clerk and President. His activities in civic affairs include service with the Madera Human Relations Commission, Airport Advisory Commission, and the Madera City Planning Advisory Commission.

Richard N. Jensen, Director. Mr. Jensen has resided in Madera County for 50 years. He is a self-employed cattleman. Mr. Jensen has served as Chairman of the Webster School District Board of Trustees and is active in the affairs of the Eastside Madera Soil Conservation Program, the Farm Bureau, and Cattleman's Association.

Certain Powers of the Corporation

The powers of the Corporation are vested in, and exercised by, a majority of its directors. Under its Articles of Incorporation, the Corporation has all powers conferred upon nonprofit corporations by the laws of the State of California including the following:

(a) To borrow money and issue bonds, debentures, notes and other evidences of indebtedness, and to secure the payment or performance of its obligations by pledge, mortgage, transfer in trust or otherwise;

(b) To acquire, by purchase, exchange, lease, gift, devise, bequest or otherwise, and to hold, improve, lease, sublease, mortgage, transfer in trust, encumber, exchange, convey or otherwise dispose of real and personal property; and

(c) To assume any obligations, enter into any contracts and other instruments and do any and all things incidental to or expedient for the attainment of its corporate purposes or the issuance and sale of its securities.

Financing Procedures and Basic Legal Documents

Lease Authorization Tax. On May 31, 1977 voters of the Madera Unified School District, by a majority vote, approved an increase of not more than \$0.159 per \$100 assessed valuation in the District's maximum tax rate over the period 1977/78 through 2002/03 for the purpose of preparing plans and specifications, and leasing sites and buildings to be constructed for use by the District consisting of fully furnished, equipped and landscaped facilities as follows: (1) a new eleven classroom elementary school, and (2) additional classrooms at Madera High School, Thomas Jefferson Junior High School, John Adams Elementary School, and James Monroe Elementary School (hereafter referred to as the "Project").

Project Implementation. The \$2,600,000 principal amount of the Corporation's Series of 1979 Bonds will be issued pursuant to an Indenture, dated as of September 1, 1979, between the Corporation and United California Bank, San Francisco, California, as Trustee. The Indenture, approved as to preliminary form by the Corporation on July 31, 1979 will be executed prior to the delivery of the Series of 1979 Bonds. A summary of certain provisions of the Indenture is presented in the section of this Official Statement entitled "The Bonds".

Proceeds from the sale of the Corporation's \$2,600,000 principal amount of Series of 1979 Bonds and District funds will be used to construct the Project. Details of Project costs, scheduling of construction, sources of funds, and the application of proceeds from the sale of the Series of 1979 Bonds are presented in the section of this Official Statement entitled "The Project".

The facilities which constitute the Project will be constructed on District-owned sites that are to be leased to the Corporation pursuant to provisions of a site lease, the principal provisions of which are summarized in the section of this Official Statement entitled "Site Lease".

The Corporation will lease back to the District the Project sites and facilities to be constructed thereon by the Corporation pursuant to provisions of a facility lease, the principal provisions of which are summarized under the section of this Official Statement entitled "Facility Lease."

For complete details of provisions of the Indenture, the Site Lease, and the Facility Lease, prospec-

tive purchasers of the Series of 1979 Bonds are referred to the text of the Basic Legal Documents accompanying the distribution of this Official Statement.

Site Lease

The Site Lease has been approved as to preliminary form by the Corporation. The Site Lease will be dated September 1, 1979 and will be executed prior to the delivery of the Series of 1979 Bonds.

Pursuant to the Site Lease, the District will lease to the Corporation, at an annual rental of \$1.00, the real property (Demised Premises) upon which the Project facilities are to be constructed. The Corporation shall use the Demised Premises solely for the purpose of: (1) constructing Project facilities thereon, and (2) leasing back to the District the Demised Premises and the facilities thereon pursuant to the Facility Lease.

Term. The term of the Site Lease shall start on the date of its recordation in the office of the County Recorder of Madera County, State of California, or on February 1, 1980, whichever is earlier. The term of the Site Lease shall end on September 1, 2003, unless such term is extended or earlier terminated. If prior to September 1, 2003, all of the Series of 1979 Bonds shall have been retired, the Site Lease shall be terminated ten days thereafter. The final maturity of the Series of 1979 Bonds is March 1, 2003. If on September 1, 2003, all of the Series of 1979 Bonds shall not have been retired, the term of the Site Lease shall be extended until ten days after all of the Series of 1979 Bonds are retired, except that the term of the Site Lease shall in no event extend beyond September 1, 2013.

Title to Sites: Mortgage of Leasehold. The District owns the Project sites. Under provisions of the Site Lease, the Corporation is granted the right to mortgage or otherwise encumber by indenture, or deed of trust, or otherwise, the Site Lease, any rights thereunder, and the leasehold created thereunder to secure any indebtedness of the Corporation incurred to finance construction of the Project.

Quiet Enjoyment. The Corporation at all times during the term of the Site Lease shall peaceably and quietly have, hold, and enjoy all of the Demised Premises except in the event of default.

Default. In the event the Corporation shall be in default in the performance of any of its obliga-

tions under the Site Lease, and the default continues for thirty (30) days following notice and demand for correction thereof to the Corporation, the District may exercise its legal remedies; provided that the District shall have no power to terminate the Site Lease by reason of any default on the part of the Corporation if termination would affect or impair any assignment or sublease of all or any part of the Demised Premises between the Corporation and any assignee or subtenant of the Corporation (other than the District under the Facility Lease). So long as any such assignee or subtenant of the Corporation duly performs the terms and conditions of the lease and of its sublease (if any), such assignee or subtenant shall be deemed to be the tenant of the District and shall be entitled to all of the rights and privileges granted under any such assignment, provided that so long as any indebtedness of the Corporation secured by an indenture is outstanding and unpaid the rentals or any part thereof payable to the Trustee under such indenture shall continue to be paid to the Trustee.

Eminent Domain Proceedings. In the event all or any part of the Demised Premises or the Project improvements thereon are taken by eminent domain proceedings, the interests of the Corporation shall be recognized in the amount of the then unpaid indebtedness incurred by the Corporation to finance the construction of the Project, including the principal thereof, interest thereon, and all other payments required to be made by, or to, the Trustee under the Indenture securing the Series of 1979 Bonds.

Termination and Disposition of Project. Upon the termination of the Site Lease, the Corporation agrees to surrender to the District the Demised Premises and title to the permanent structures and improvements existing thereon. If the District exercises its option to purchase any part of the Project under the Facility Lease, the Site Lease shall terminate as to such part of the Project.

The foregoing summary discussion of selected features of the proposed form of Site Lease are made subject to all of the provisions of the proposed form of Site Lease. This summary discussion does not purport to be a complete statement of provisions of the Site Lease. For full details of the Site Lease, prospective purchasers of the Series of

1979 Bonds are referred to the complete text of the proposed form of Site Lease included in the Basic Legal Documents accompanying the distribution of this Official Statement.

Facility Lease

The Facility Lease has been approved as to preliminary form by the Corporation. The Facility Lease will be dated September 1, 1979 and will be executed prior to the delivery of the Series of 1979 Bonds. The Corporation will lease to the District the Demised Premises under the Site Lease and the Project facilities to be constructed thereon pursuant to the provisions of the Facility Lease, selected provisions of which are described below.

Term. The term of the Facility Lease shall start on the date of its recordation in the office of the County Recorder of Madera County, State of California, or on February 1, 1980, whichever is earlier. The term of the Facility Lease shall end on August 31, 2003 unless extended or earlier terminated. If prior to August 31, 2003 all of the Series of 1979 Bonds shall have been retired, the Facility Lease shall terminate ten days thereafter. The final maturity of the Series of 1979 Bonds is March 1, 2003. If on August 31, 2003 all of the Series of 1979 Bonds shall not have been retired, the term shall be extended until ten days after all Series of 1979 Bonds shall be fully paid, except that the term of the Facility Lease shall in no event be extended beyond August 31, 2013.

Construction of Facilities. The District has obtained competitive bids for the construction of the Project. Concurrent with the execution, delivery and recordation of the Facility Lease, the Corporation will enter into a contract with the lowest responsible bidder for construction of the Project in accordance with plans and specifications previously approved by the District and the Office of the State Architect.

Commencement of Rental. It is contemplated that the District will take possession of the Demised Premises and the Project facilities on or before August 15, 1981 and the first semiannual payment of rental shall be due on August 15, 1981. The District may take possession of the Demised Premises and the Project or any part thereof prior to August 15, 1981 if substantially completed prior to that date. If for any reason the Corporation is not able to deliver possession of the Demised Premises and

the Project or any part thereof, to the District by September 1, 1981, the Facility Lease shall not be void nor the Corporation be liable to the District for any resulting loss or damage; but the rental payable by the District shall be abated with respect to the period between September 1, 1981 and the time when the Corporation delivers facilities for possession, based on the proportion the construction cost of the incompleting portion or portions of the Project bears to the total construction cost of the Project.

Base Rental. For the use and occupancy of the Demised Premises and the Project, the District agrees to pay the Corporation base rental, semi-annually beginning on August 15, 1981 and each succeeding February 15 and August 15 up to and including February 15, 2003 unless the Facility Lease has been earlier terminated or extended, in which case payment of base rental will continue to the termination date of the Facility Lease. The base rental shall be in a specified amount sufficient to meet payments of interest and principal on the Corporation's Series of 1979 Bonds as they become due. Based on the 8 percent maximum interest rate that may be bid on the Series of 1979 Bonds, see Table 2 on page 19, the District's maximum base rental would be \$255,800 annually. The actual base rental obligation of the District will be determined upon the sale of the Series of 1979 Bonds.

Additional Rental. The District is also required to pay to the Corporation additional rental to meet administrative costs of the Corporation attributable to the Project and the Corporation's Series of 1979 Bonds. Such additional rental is payable by the District within 30 days of receipt of a bill from the Corporation or the Trustee.

District Provision of Rental. The District covenants to include all base rental and additional rental payments in its annual budget and to make the necessary annual appropriations for all such payments. The covenant on the part of the District hereunder shall be deemed to be and shall be construed to be duties imposed by law. The Corporation and the Trustee will be furnished copies of each proposed and final budget of the District within ten days after the filing or adoption thereof. Any installment of rentals not paid when due shall bear interest at the rate of eight percent (8%) per annum until paid. The District has agreed to pay all installments of rentals when due notwithstanding any unresolved dispute with the Corporation.

Abatement of Rental. Rental shall be abated proportionately during any period in which there is substantial interference with the District's use and occupancy of the Demised Premises and the Project due to damage or destruction. The abatement of District rental, until the substantial completion of repair or reconstruction work, shall be based on the proportion of initial costs of the unusable portion or portions of the Project to the total initial cost of the Project. In the event of any such damage or destruction, the Facility Lease shall continue in full force and effect and the District waives any right to terminate the Facility Lease by virtue of any such damage or destruction.

Insurance. Except if such insurance is otherwise obtained by the Corporation or the construction contractor, the District is required to obtain and maintain throughout the term of the Facility Lease various insurance coverages including fire and lightning, with extended coverage, vandalism and malicious mischief, sprinkler system leakage, boiler, earthquake (after completion of construction and if available at reasonable cost on the open market from reputable insurance companies), public liability and property damage, and rental interruption or use and occupancy insurance. The major features of these types and amounts of insurance coverages are discussed in this Official Statement in "The Bonds" section under the heading "The Indenture". Various insurance coverages are to be provided by the construction contractor during construction and are discussed in the section of this Official Statement entitled "The Project."

Maintenance, Utilities, Taxes and Assessments. The District shall be responsible for the maintenance and repair of the Demised Premises and the Project while in possession, and shall pay or arrange for the payment of such costs, as well as all utilities, and all taxes and assessments affecting the Demised Premises or the Project charged to the Corporation or the Trustee throughout the term of the Facility Lease.

Eminent Domain Proceedings. In the event the whole of the Project is taken under the power of eminent domain, the Facility Lease shall terminate. In the event less than all of the Project is taken under the power of eminent domain, the Facility Lease shall continue in full force and there shall be a partial abatement of rental to be agreed upon by the District and the Corporation; however, in no event shall the rental payable by the District be less than

the amount required for the retirement of the Series of 1979 Bonds and payment of interest thereon as such bonds and interest become due.

Option to Purchase. The District shall have the option to purchase the Corporation's interest in any part of the Project facility upon payment of an option price equal to the aggregate amount for the entire remaining term of the lease of the part of the total rental attributable to such part of the Project (determined by reference to the proportion which the construction cost of such part of the Project bears to the construction cost of all of the Project). In such event, base rentals will be proportionately reduced and the lease will terminate as to such part of the Project.

Default By District. Should the District default and fail to remedy any default, the Corporation has the right to terminate the Facility Lease and re-enter the premises, or without terminating the Facility Lease, re-enter and relet the Project as the agent of and for the account of the District, but there shall

be no acceleration of rent upon any default. Notwithstanding any such entry by the Corporation, the District shall remain liable for payment of all rentals, and for any damages for breach of the lease and for performance of all conditions of the lease.

Termination and Disposition of Project. Upon termination of the Facility Lease, the Corporation agrees to surrender to the District the Demised Premises and title to permanent improvements thereon.

The foregoing summary discussion of selected features of the proposed form of Facility Lease is made subject to all of the provisions of the proposed form of Facility Lease. This summary discussion does not purport to be a complete statement of said provisions and prospective purchasers of the Series of 1979 Bonds are referred to the complete text of the proposed form of Facility Lease which is included as part of the Basic Legal Documents accompanying the distribution of this Official Statement.

THE BONDS

Authority for Issuance

The \$2,600,000 principal amount of Madera Unified School District School Building Corporation Series of 1979 Bonds, herein referred to as the "Series of 1979 Bonds," are to be issued pursuant to the General Nonprofit Corporation Law of the State of California (Title 1, Division 2, Part 1 of the California Corporations Code) and a certain indenture dated September 1, 1979, herein referred to as "the Indenture," to be entered into between the Corporation and United California Bank, San Francisco, California, as Trustee. The Series of 1979 Bonds will be secured under provisions of the Indenture, a copy of the proposed form of which is included in the Basic Legal Documents which accompany the distribution of this Official Statement.

Table 1

MADERA UNIFIED SCHOOL DISTRICT SCHOOL BUILDING CORPORATION

Series of 1979 Bonds

Principal Maturities

Maturity Date March 1	Principal Amount	Maturity Date March 1	Principal Amount
1982 ...	\$ 45,000	1993 ...	\$110,000
1983 ...	50,000	1994 ...	120,000
1984 ...	55,000	1995 ...	125,000
1985 ...	55,000	1996 ...	135,000
1986 ...	60,000	1997 ...	150,000
1987 ...	65,000	1998 ...	160,000
1988 ...	75,000	1999 ...	175,000
1989 ...	80,000	2000 ...	190,000
1990 ...	85,000	2001 ...	205,000
1991 ...	95,000	2002 ...	220,000
1992 ...	100,000	2003 ...	245,000

Terms of Sale

Bids for the purchase of the \$2,600,000 principal amount of the Series of 1979 Bonds will be received by the Corporation at 10:00 A.M., Tuesday, August 28, 1979, at the Conference Room of Stone & Youngberg Municipal Financing Consultants, Inc., Suite 2750, One California Street, San Francisco, California. Details of the terms of sale are included in the Official Notice of Sale adopted by the Board of Directors of the Corporation on July 31, 1979.

Description of the Bonds

The Series of 1979 Bonds will be dated September 1, 1979 and will bear interest from their date, payable semiannually on each March 1 and September 1, commencing March 1, 1980. The Series of 1979 Bonds will mature on March 1 in each of the years in the designated principal amounts as shown in Table 1.

Redemption Provisions

The Corporation shall have the right, on any date, to redeem the Series of 1979 Bonds, as a whole, or in part by lot within each maturity then outstanding so that the annual debt service for all years after such redemption shall be as nearly equal as practical, from proceeds of insurance paid for loss or substantial damage to the Project or proceeds of eminent domain proceedings under the following conditions:

a) in the event of damage or destruction to any part of the Project, the Corporation may, with the written consent of the District, if proceeds of insurance and other available funds are sufficient, cause the redemption of all of the then-outstanding Bonds;

b) if less than all of the Project has been taken by eminent domain proceedings, and if the Trustee determines that such taking has materially affected the operation of the Project or the ability of the Corporation to meet its obligations, the Trustee shall apply proceeds of such eminent domain proceedings to redemption of outstanding Bonds, in whole or in part, as provided above; and

c. if all of the Project has been taken in eminent domain proceedings, and proceeds thereof and other available funds are sufficient, the Trustee shall cause the redemption of all of the then-outstanding Bonds.

Redemption shall be at the principal amount of the Bonds called for redemption, without premium, together with accrued interest thereon to the date for redemption.

Series of 1979 Bonds maturing on or before March 1, 1995, an aggregate principal amount of \$1,120,000, shall not otherwise be subject to redemption prior to their respective maturity dates.

Series of 1979 Bonds due on or after March 1, 1996, an aggregate principal amount of \$1,480,000, shall also be subject to redemption prior to their respective stated maturities, at the option of the Corporation, from any source of available funds, on any interest payment date on or after March 1, 1990.

Such Series of 1979 Bonds are callable at the principal amount, plus accrued interest plus a premium equal to one-fourth of one percent ($\frac{1}{4}$ of 1%) of said principal amount for each year or fraction of a year from the redemption date to the maturity date of the bonds, but not in excess of three percent (3%) of such principal amount. All or a part of such Series of 1979 Bonds may be so redeemed at any one time. If less than all of said bonds are so redeemed at any one time, such bonds shall be redeemed in inverse order of maturities and by lot within a maturity.

Trustee and Paying Agents

United California Bank, San Francisco, California, has been appointed by the Corporation as Trustee. The Trustee will receive all of the bond proceeds and will disburse bond moneys in conformity with the Indenture. In addition to holding and administering the various funds of the Corporation, the Trustee will invest the funds held in trust and will be the recipient of the rental revenues of the Corporation relating to the Project. The Trustee will also act as Paying Agent of the Corporation, paying bond interest and principal. The Trustee will act as bond registrar and will authenticate all bonds.

Interest and principal are payable in lawful money of the United States of America at the principal office of United California Bank in San Francisco, California, and in the case of coupon bonds, at the option of the holder at the principal office of Bankers Trust Company, in New York, New York, or at the office of Harris Trust and Savings Bank in Chicago, Illinois, or at the principal office of United California Bank, in Los Angeles, California.

Form, Denomination and Registration

The Series of 1979 Bonds will be issued as coupon bonds in the denomination of \$5,000, or as fully registered bonds in the denomination of \$5,000 or any multiple thereof so long as principal shall mature in only one year. Coupon bonds and fully registered bonds will be interchangeable at the office of the Trustee as provided for in the Indenture.

CUSIP Numbers

It is anticipated that CUSIP numbers will be printed on the Series of 1979 Bonds but neither failure to print such numbers on any Series of 1979 Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Series of 1979 Bonds in accordance with the terms of the purchase contract.

Litigation

There is no litigation pending concerning the validity of the Series of 1979 Bonds, and the Corporation will furnish to the successful bidder a no-litigation certificate certifying to the foregoing at the time of the delivery of the Series of 1979 Bonds.

Serrano v. Priest

The pre-existing California system of levying property taxes and applying funds for public school purposes in effect at the time of the court ruling has been held unconstitutional under provisions of the California Constitution by a California Superior Court in the case entitled *Serrano v. Priest*.

The California Supreme Court in a decision dated December 30, 1976, affirmed the judgment of the Superior Court in that case. The Supreme Court decision requires that a new system for financing California primary and secondary schools must be implemented by September 3, 1980.

The Superior Court judgment as affirmed by the California Supreme Court contains a statement that the existing public school financing system shall continue to operate until an appropriate system, not in violation of the California Constitution, can be placed into effect.

Chapter 894, Statutes of 1977, was enacted by the California Legislature and was signed by the Governor in response to *Serrano v. Priest*. This bill was designed to place state school finance "substantially" in compliance with the *Serrano v. Priest* decision.

This legislation significantly increased the amount of state money supplied to public school districts having a low local property tax basis, and provided for some equalization of tax moneys by redistributing some tax revenues of school districts having a high per-pupil property tax basis to school districts having a low per-pupil property tax basis.

The legislation enacted in Chapter 894, Statutes of 1977 was in effect superseded by the legislation enacted following the approval of Proposition 13 on June 6, 1978 (see the next section of this Official Statement below entitled "1978 Constitutional Amendment, Supreme Court Validation, and Implementing Legislation").

Chapter 894, Statutes of 1977 does not affect tax rate increases approved by voters of school districts for the long term leasing of public school buildings.

Litigation challenging the legislation contained in Chapter 894, Statutes of 1977 has been filed. It cannot be predicted whether such legislation will be determined to be constitutional under the standard promulgated in *Serrano v. Priest*, or whether further challenges will be brought against Chapter 894, Statutes of 1977, or other legislation enacted following the approval of Proposition 13.

Any further change resulting from *Serrano v. Priest* in the sources of funds, including property taxation, applied to the support of public schools, and any effect thereof on the moneys available to the District to pay rental under the Facility Lease which is the security on the Series of 1979 Bonds, are not determinable at this time. However, it is not believed that the result of such litigation will affect the validity of the Facility Lease during its term, even though the result of such further litigation or further legislation enacted in response thereto may affect the ability of the District to levy the voter-approved lease authorization tax.

1978 Constitutional Amendment, Supreme Court Validation, and Implementing Legislation

On June 6, 1978, California voters approved Proposition 13 (the Jarvis-Gann Constitutional Initiative) which added Article XIII A to the California Constitution and restricts the taxing powers of California public agencies. The text of Article XIII A of the California Constitution, as amended, is as follows:

"Section 1.

(a) The maximum amount of any ad valorem tax on real property shall not exceed one percent (1%) of the full cash value of such property. The one percent (1%) tax is to be collected by the counties and apportioned according to laws to the districts within the counties.

(b) The limitation provided for in subdivision (a) shall not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on any indebtedness approved by the voters prior to the time this section becomes effective.

Section 2.

(a) The full cash value means the county assessors valuation of real property as shown on the 1975-76 tax bill under "full cash value" or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.

All real property not already assessed up to the 1975-76 full cash value may be reassessed to reflect that valuation. For purposes of this section, the term "newly constructed" shall not include real property which is reconstructed after a disaster, as declared by the Governor, where the fair market value of such real property, as reconstructed, is comparable to its fair market value prior to the disaster.

(b) The full cash value base may reflect from year to year the inflationary rate not to exceed 2 percent for any given year or reduction as shown in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced to reflect substantial damage, destruction or other factors causing a decline in value.

Section 3.

From and after the effective date of this article, any changes in State taxes enacted for the purpose of increasing revenues collected pursuant thereto whether by increased rates or changes in methods of computation must be imposed by an Act passed by not less than two-thirds of all members elected to each of the two houses of the Legislature, except that no new ad valorem taxes on real property, or sales or transaction taxes on the sales of real property may be imposed.

Section 4.

Cities, Counties and special districts, by a two-thirds vote of the qualified electors of such district, may impose special taxes on such district, except ad valorem taxes on real property or a transaction tax or sales tax on the sale of real property within such City, County or special district.

Section 5.

This article shall take effect for the tax year beginning on July 1 following the passage of this Amendment, except Section 3 which shall become effective upon the passage of this article.

Section 6.

If any section, part, clause or phrase hereof is for any reason held to be invalid or unconstitutional, the remaining sections shall not be affected but will remain in full force and effect."

Supreme Court Validation. On September 22, 1978, the California Supreme Court upheld the validity of Article XIII A against a number of challenges which attacked Proposition 13 as a whole (*Amador Valley Joint Union High School District v. State Board of Equalization*). The Court found that it was premature to rule on the claim that Article XIII A impermissibly interfered with contracts in violation of the U.S. Constitution, stating that such a challenge must come when a specific contract or obligation is impaired. In addition, the Court left open for future decision many other questions regarding the detailed interpretation and implementation of Article XIII A.

1978/79 Implementing Legislation. Section 1 of Article XIII A limits the maximum ad valorem tax on real property to one percent (1%) of full cash value (as defined in Section 2 of Article XIII A), to be collected by the counties and apportioned according to law. Excluded from this limit is an amount of taxes or special assessments to pay interest and redemption charges on any indebtedness approved by the voters prior to July 1, 1978.

Legislation enacted by the California Legislature to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) provided that notwithstanding any other law, local agencies could not levy any property tax except to pay debt service on indebtedness approved by voters prior to July 1, 1978, and that each county would levy the maximum tax permitted by Article XIII A of \$4.00 per \$100 assessed valuation (based on the prior practice of using 25 percent of full cash value as the assessed value for tax purposes).

Chapter 292, as amended, added Section 2237 to the Revenue and Taxation Code. Section 2237, interpreting what constitutes "indebtedness approved by the voters prior to" July 1, 1978 under Section 1 of Article XIII A, provides that, in addition to the tax of \$4.00 per \$100 assessed valuation which each county shall levy and distribute to local agencies, any school district (among other eligible local agencies) may levy a property tax equal to "the amount needed to make annual payments for the interest and principal on general obligation bonds or other indebtedness approved by the voters prior to July 1, 1978 or the amount levied pursuant to . . . Sections 39308 [and] 39311 . . . of the Education Code." These sections of the Education Code authorize a school district to obtain voter approval to increase the maximum tax rate of the district for the purpose of acquiring a site or sites, preparing plans and specifications, and leasing facilities to be constructed for the use of the district.

Pursuant to this implementing legislation, the Madera County Tax Collector included the voter approved lease authorization tax at the rate of \$0.159 per \$100 assessed valuation on 1978/79 tax bills in the District's tax area. The District expects the lease authorization tax to be levied in 1979/80 and subsequent years for Project purposes as approved by the voters of the District.

There has been no court test of the validity of Section 2237 as it interprets Section 1 of Article XIII A of the California Constitution. Until there is a court decision upholding Section 2237 there is no assurance that the District will be able to continue to collect the lease authorization tax levy. If Section 2237 were to be struck down in this respect, the District cannot predict whether it could collect part or all of the lease authorization tax levy on the ground that Article XIII A unconstitutionally impairs a contract of the District. As noted above, the California Supreme Court did not rule on similar claims in the *Amador Valley* case.

On April 18, 1979, the State Attorney General issued an opinion (No. CV 78-119) which recognized the validity of Section 2237, and stated, in part, "if voters have approved the indebtedness for new school construction under [a lease-purchase] method of funding, and such approval occurred prior to July 1, 1978, the construction can be financed by a specific ad valorem tax on real property that exceeds the one percent limitation." This opinion is not binding on any court considering this issue, however.

Chapter 292 further provided that for fiscal year 1978/79 only, the property tax levied by each county (\$4.00 per \$100 assessed valuation) was to be apportioned among all taxing agencies within the county in proportion to their average share of property taxes levied in certain previous years. Chapter 292 also contained provisions appropriating a large part of the State's accumulated surplus revenues to be distributed among the State's local government units to replace lost property tax revenues in the 1978/79 fiscal year.

Assembly Bill No. 8. On July 24, 1979, the Governor signed Assembly Bill No. 8 (A.B. No. 8). This law enacts a new system for the allocation, among California local public entities, of property tax revenues from the one percent (1%) of full cash value property tax rate limit of Article XIII A of the California Constitution. This law also enacts a long-term system of funding public education in California which is believed to comply with standards promulgated by the California Supreme Court in *Serrano v. Priest*. The law also contains a "deflator" provision which would, in future years, automatically reduce the State's costs under the law, including the projected levels of State aid to school districts, if State revenues do not meet anticipated levels.

The principal features affecting school districts of the system enacted under this law are summarized below based upon the Legislature's "A.B. No. 8 Conference Committee Report, Long Term Local Government and School Financing, July 19, 1979" and the Legislative Counsel's Digest of the provisions of A.B. No. 8.

1. A.B. No. 8 establishes new property tax allocation procedures which shift a portion of the school districts' property tax revenues to cities, counties, and special districts compared to 1978/79 property tax allocation procedures. Statewide, it is estimated that school districts will receive a 1979/80 "base" allocation of property tax revenues of approximately \$1.913 billion, which is approximately \$757 million lower than would otherwise have been received under the 1978/79 property tax allocation procedures; however, additional State school aid is provided in A.B. No. 8 to offset this reduction in property tax revenue. The reduced pool of 1979/80 school property taxes in each county will be shared by each school district, community college district, and county

superintendent of schools in proportion to their respective shares of 1978/79 school taxes.

2. In 1980/81 and future years, each school district will receive a base allocation equal to its total property tax allocation in the prior year plus its share of assessed value growth. Future assessed value growth from new construction, revised assessments due to changes in ownership of property and the 2 percent value growth to compensate for inflation (permitted under Article XIII A of the California Constitution) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts will share the growth in proportion to their share of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's "base" allocation in the following year.

3. In 1979/80, revenue limits for school districts which were applicable in 1978/79 are recalculated, equalized, and adjusted to compensate for inflation at a Statewide average increase of 8.6 percent. Districts spending above the Statewide average expenditure per unit of average daily attendance will have their revenue limits increased by less than 8.6 percent while districts spending below the Statewide average expenditure per unit of average daily attendance will have their revenue limits increased by more than 8.6 percent.

4. Revenue limits for years after 1979/80 are subject to annual inflation adjustment, which will vary among individual school districts based upon a number of factors. The 1980/81 inflation adjustments in revenue limits per unit of average daily attendance will range from \$85 to \$150 per unit of average daily attendance, depending upon the district's 1979/80 base revenue limit. Unified school districts whose revenue limit per unit of average daily attendance is less than \$1,500 will receive an adjustment of \$150 per unit of average daily attendance. Districts whose revenue limit per unit of average daily attendance is greater than \$2,000 will receive an adjustment of \$85 per unit of average daily attendance. Unified school districts whose revenue limit is between \$1,501 and \$2,000 will receive an adjustment ranging from \$85 to \$150 per unit of average daily attendance.

The tabulation on page 11 shows the estimated impact of A.B. No. 8 on the revenue limits of the Madera Unified School District.

MADERA UNIFIED SCHOOL DISTRICT
A.B. No. 8 Estimated Impact on Revenue Limits
Per Unit of Average Daily Attendance

Fiscal Year	Estimated Average Daily Attendance	Revenue Limit Total ^①	Revenue Limit Per Unit of Average Daily Attendance
1978/79	8471	\$11,109,041	\$1,311
1979/80	8619	12,444,300 (+12.0%)	1,444 (+10.1%)
1980/81	8851	14,115,951 (+13.4%)	1,594 (+10.4%)

① The revenue limit total pertains to general education purposes and excludes categorical aid programs, capital outlay, and other special purposes.

Source: Legislative Conference Committee A.B. No. 8 Education Exhibit #1 July 18, 1979: "K-12 District Impact 1979/80 ad 1980/81 Revenue Limits".

5. The law provides for annual payments from the State School Fund to School districts in amounts which, generally speaking, would be the difference between the revenue limit and local property tax revenues in each fiscal year. However, this anticipated level of State aid would be reduced if the "deflator" mechanism (described below) comes into operation.

6. By 1983/84 under this public education financing mechanism, it is anticipated that 89 percent of the unified school districts' average daily attendance will be located in school districts having a variation in expenditures per unit of average daily attendance of \$100, or less, while 94 percent of unified school districts' average daily attendance will be located in districts having an expenditure variation of \$150 or less per unit of average daily attendance.

7. The law contains a "deflator" mechanism whereby the total state cost of the provisions of the law would be reduced if insufficient funds are available in future years. Specifically, for 1980-81, if the State's total General Fund revenues and transfers, plus beginning surplus, as estimated on June 10, 1980, falls below \$20.6 billion by more than \$100 million, the cost of the law will be reduced by the amount of the shortfall. Fifty percent of the shortfall would be reflected in an across-the-board percentage cut in school revenue limits. The remaining fifty percent would be effected through reductions in homeowner and business inventory exemption reimbursements proportionate to the amount of assistance granted by the law.

For future years, the Governor's budget would contain an estimate equivalent to the \$20.6 billion for 1979-80. If the total of State General Fund revenues, transfers and surplus, as estimated by the June 10 prior to the start of the fiscal year, fall short of that figure, then similar reductions would be made for that fiscal year to make up the shortfall. Such reductions shall be made unless the Legislature passes by June 30 a concurrent resolution providing that the reductions shall not be made.

8. A.B. No. 8 contains many additional provisions for specific school-related programs including summer school, adult education, deferred maintenance of facilities, county offices of education, portable classrooms and other capital outlays, and various categorical aids.

Proposed Government Spending Limitation Initiative

A proposed amendment to the California Constitution (Limitation of Government Expenditures—Initiative Constitutional Amendment, commonly referred to as the "Gann Initiative") has qualified for a special Statewide general election on November 6, 1979.

Under the Gann Initiative beginning in 1980-81, the District would have an annual "appropriations limit", and it would not be able to spend certain moneys in an aggregate amount higher than the "appropriations limit". The spending of certain moneys would be excluded however from the "appropriations limit", including debt service on indebtedness existing or authorized as of January 1,

1979, or bonded indebtedness subsequently approved by the voters. In general terms, the District's "appropriations limit" would be based on certain 1978-79 spending authorizations, and it would be adjusted annually to reflect changes in consumer prices and in the District's average daily attendance. Among other provisions of the Initiative are: if District revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years; and the "appropriations limit" may be changed by vote of the District's electors for a period of not more than four years.

There are many ambiguities and uncertainties in the Gann Initiative which would require clarification from subsequent legislation or judicial decisions. The District therefore is unable to determine exactly how the Initiative, if approved by the voters and upheld by the courts, will affect its ability to provide services and meet certain of its financial obligations, including payment of base rentals to the Corporation under the Facility Lease. The District's payment of such base rentals may be subject to the spending limitation, although the California Legislature in implementing Proposition 13 has interpreted school district lease financings such as those being undertaken by the District as prior voter-approved indebtedness, and the District lease authorization tax used to pay base rentals to the Corporation for debt service on Corporation bonds has therefore been exempted from the one percent (1%) property tax rate limitation. Even if the revenue generated by the lease authorization tax is included within the District's spending limit, the District cannot expend these moneys for any purpose other than payment of base rentals to the Corporation and other Project-related costs. Article 7 of the Gann Initiative states that it shall not be construed to "impair the ability of the state or of any local government to meet its obligations with respect to existing or future bonded indebtedness"; however, application of this provision to the District's payment of base rentals is not certain.

The details of the Gann Initiative are more complex than is indicated by the foregoing partial description. The full text of the Initiative will be supplied on request by Stone & Youngberg Municipal Financing Consultants, Inc., Suite 2750, One California Street, San Francisco, California 94111.

Legal Opinion

The legal opinion of Orrick, Herrington, Rowley & Sutcliffe, San Francisco, California, bond counsel to the Corporation, approving the validity of the Series of 1979 Bonds, will be furnished to the purchasers without charge at the time of the original delivery of the Series of 1979 Bonds, and is included in proposed form as Appendix A to this Official Statement. A copy of the legal opinion will be printed on each bond.

Tax Exempt Status

In the opinion of bond counsel, the interest on the Bonds will be exempt from all present Federal income taxes under existing laws, rulings, regulations, and court decisions and a ruling of the United States Department of Treasury. Interest on the Bonds will also be exempt from State of California personal taxes under existing laws and the Bonds will be exempt from all State of California taxes other than inheritance, estate, gift and franchise taxes.

Eligibility for Deposits of Public Moneys

The Series of 1979 Bonds are eligible for security for deposits of public moneys in California.

Eligibility for National Banks

A request is being made to the Comptroller of the Currency for a ruling that the Series of 1979 Bonds of the corporation are eligible for purchase, dealing in, underwriting and unlimited holding by national banks. The ruling is expected prior to the date of sale of the Series of 1979 Bonds.

Sale of Bonds in California

The Division of Corporation Finance of the United States Securities and Exchange Commission has issued a "no-action" letter to the Corporation stating that the division of Corporation Finance will not recommend any action to the Securities and Exchange Commission if the proposed bond offering is made without prior compliance with the registration requirements of the Securities Act of 1933 or qualification of the Indenture under which the Series of 1979 Bonds are to be issued under the Trust Indenture Act of 1939. The Commissioner of Corporations of the State of California has issued an interpretive opinion stating that the Series of 1979

Bonds are exempt from the qualification requirement of Section 25110 of the California Corporate Securities Law of 1968. The Series of 1979 Bonds are being offered and sold without registration under the Securities Act of 1933 or qualification of the Indenture under the Trust Indenture Act of 1939, and without qualification under the California Corporate Securities Law of 1968, in reliance upon such "no-action" letter and such interpretive opinion.

Purpose of Issue

The Series of 1979 Bonds are to be issued by the Corporation to finance the construction of fully furnished, equipped, and landscaped school facilities for lease by the Corporation to the Madera Unified School District, Madera County, California as more fully described in the section of this Official Statement entitled "The Project."

Additional Series of Bonds

The Corporation does not, at this time, plan to issue any series of bonds beyond the Series of 1979 Bonds. Additional parity bonds may be issued under the Indenture and would be equally and ratably secured under the Indenture with the Series of 1979 Bonds. Such additional bonds could only be issued to finance public school facilities for lease to the District.

Security

The Series of 1979 Bonds will be valid, binding, and legal obligations of the Corporation secured under the Indenture by the assignment, transfer in trust, transfer of security interest in, and pledge of the trust estate, including the following to United California Bank, San Francisco, California, as Trustee:

- (1) The leasehold estate of the Corporation in real property under the Site Lease between the District, as lessor, and the Corporation, as lessee;
- (2) All rights, title, and interest of the Corporation under the Facility Lease between the Corporation, as lessor, and the District, as lessee; and
- (3) All of the revenues derived by the Corporation from the use and operation of the Project to be acquired and constructed pursuant to the Site and Facility Leases.

Bond principal and interest coming due each year will be payable from semiannual base rental payments to be made by the District for use of the facilities financed by the Corporation. The District's base rental specified in the Facility Lease will be in an amount sufficient to pay principal and interest on the Series of 1979 Bonds. Based on the maximum permitted interest rate of 8 percent that may be bid on the Series of 1979 Bonds, the District's annual base rental would be \$255,800. The exact amount of the semiannual base rental payment payable by the District will be established subsequent to the determination of the interest rates the Series of 1979 Bonds will bear.

Under provisions of the Facility Lease, the District will also be obligated to pay to the Corporation additional rental to meet administrative costs of the Corporation attributable to the Series of 1979 Bonds.

Authorized District Tax Rate Increase. At an election held on May 31, 1977, voters of the District approved an increase, not to exceed \$0.159 per \$100 assessed valuation, in the District's maximum annual tax rate, over the period 1977/78 to 2002/03 for Project purposes. The voter approved \$0.159 per \$100 assessed valuation tax for Project purposes was levied in 1977/78 and 1978/79, pursuant to Statutes of 1978, Chapter 292, as amended (see the section of this Official Statement entitled "1978 Constitutional Amendment, Supreme Court Validation, and Implementing Legislation" beginning on page 8).

The District's Business Manager reports that proceeds from the Project lease authorization tax levies over the period 1977-78 through 1978/79 approximated \$538,300. These moneys, along with proceeds from the sale of the \$2,600,000 Series of 1979 Bonds, will be used to pay estimated costs of the Project as discussed in "The Project" section of this Official Statement.

Estimated Rental. The District's estimated maximum annual rental payable to the Corporation in semi-annual installments beginning August 15, 1981 is \$258,300 (base rental at \$ \$225,800 plus additional rental estimated at \$2,500 annually).

Estimated Tax Rate Coverage of Rental Obligations. Pursuant to the Facility Lease, the District will covenant to budget annually funds required for the payment of rental to the Corporation.

The principal source of District funds to pay rental to the Corporation is expected to be the voter approved tax for Project purposes (maximum of \$0.159 per \$100 assessed valuation). In Statutes of 1978, Chapter 292, as amended by Chapter 332, the California Legislature has adopted legislation which interprets and implements the recently enacted Article XIII A of the California Constitution (Proposition 13) so as to permit the District to continue to collect the voter approved lease authorization tax levy over and above the limits on ad valorem property tax rates set in Article XIII A. There has been no court test of the validity of this Legislature interpretation, and until such a test is made, there is no assurance that the District will be able to continue to collect the voter approved lease authorization tax levy. See the section of this Official Statement entitled "1978 Constitutional Amendment, Supreme Court Validation, and Implementing Legislation", beginning on page ...

The District's estimated maximum annual rental payable to the Corporation in semi-annual installments, beginning August 15, 1981, is \$258,300, assuming the maximum permitted interest rate of 8 percent is bid on the \$2,600,000 Series of 1979 Bonds currently being offered for sale. To meet its initial and subsequent annual rental obligations, the District expects to levy the voter approved lease authorization tax, at a rate not to exceed \$0.159 per \$100 assessed valuation, beginning in 1980/81.

The District's staff estimates 1980/81 assessed valuations of the District at a minimum of \$195,066,000 on the basis that the District's 1977/78 annual valuation (\$183,815,481) will increase at the rate of at least 2 percent per year to compensate for inflation as permitted under Section 2(b) of Article XIII A of the California Constitution, and no major natural disasters will occur in the District which would cause a significant reduction in values of property within the District which were damaged or destroyed in a disaster.

Based on the estimated minimum 1980/81 assessed valuation of the District (\$195,066,000), the voter approved lease tax of \$0.159 per \$100 assessed valuation provides coverage of 1.18 times the District's estimated maximum annual rental obligations of the District (\$258,300), after allowances for a tax collection delinquency ratio of 1.83 percent (the average delinquency ratio over the past 5 years). The coverage ratio is anticipated to be

greater than 1.18 to the extent that: (1) the Series of 1979 Bonds are sold at a rate less than the maximum permitted rate of 8 percent, and (2) the District's assessed valuation increases between 1977/78 and 1980/81 at a rate greater than 2 percent due to (a) new construction undertaken in the District from March 1, 1978 through March 1, 1980 and (b) changes in ownership of properties presently assessed at 1975/76 tax roll levels.

General Fund revenues of the District, at the discretion of the Board of Education, may be used to pay rental. The ending General Fund balance of the District as of June 30, 1979 was \$1,428,335. It is anticipated that in future years, General Fund revenues that may be available to pay rental will be substantially lower due to the revenue limiting features of Article XIII A of the California Constitution and the potential impact of the proposed constitutional amendment which would place spending limitations on the State and local government agencies.

The Bonds are not a debt, liability or obligation of the District. The Facility Lease will constitute a legal, valid and binding instrument and the obligation of the District to pay each year's rental during the term of the Facility Lease will be valid and enforceable in accordance with the terms of said Lease subject to the limitations on legal remedies against school districts in the State of California and subject to laws relating to bankruptcy or insolvency or other laws affecting creditor's rights. The rentals payable by the District to the Corporation under terms of the Facility Lease will constitute the primary source of funds of the Corporation for the payment of the Series of 1979 Bonds, and such rentals will be payable only from unrestricted revenues of the District legally available therefor. Remedies provided under the Facility Lease for default by the District do not include any right of acceleration of rent.

The Indenture

The following summary of major provisions of the Indenture under which the Series of 1979 Bonds will be issued is presented below. The summary does not provide a complete and detailed description of all provisions of the Indenture and prospective purchasers of the Series of 1979 Bonds are referred to the proposed form of Indenture contained in the Basic Legal Documents accompanying the distribution of this Official Statement.

The Trustee. United California Bank, San Francisco, California, will be appointed by the Corporation as Trustee. The Trustee will receive all of the bond proceeds and revenues of the Corporation for disbursement in conformity with the Indenture. In addition to administering the various funds of the Corporation, the Trustee will invest all funds held in trust, act as the San Francisco paying agent for the Corporation's Bonds, and act as bond registrar.

Creation of Special Funds. The Indenture provides for the establishment of special trust funds, all to be held and administered by the Trustee. The funds applicable to the Series of 1979 Bonds and any additional series of bonds together with their sources and uses are summarized in the tabulation below. Moneys held in the various funds may be invested by the Trustee under the provisions of Section 5.04 of the Indenture.

Disposition of Bond Proceeds. Section 4.04 of the Indenture provides that the proceeds from the sale of the Series of 1979 Bonds shall be deposited with the Trustee. The Trustee will then make the following deposits:

(a) *Interest and Redemption Fund.* An amount sufficient to pay the interest accruing on the Series of 1979 Bonds to and including March 1, 1981.

(b) *Bond Reserve Fund.* An amount equal to one-half of maximum annual debt service on the Series of 1979 Bonds.

(c) *Construction Fund.* The remainder of bond proceeds for the purpose of providing funds for the acquisition and construction of the Project.

When the Project has been completed, a certificate of the Corporation stating the fact and date

MADERA UNIFIED SCHOOL DISTRICT SCHOOL BUILDING CORPORATION

Series of 1979 Bonds

Trust Funds

Fund	Principal Source	Use
Construction Fund (Section 4.05)	Bond Proceeds	Acquisition and Construction of the Project and incidental expenses of bond issuance and delivery.
Revenue Fund (Section 5.01)	District Base Rental Payments	Transfers to Interest and Redemption Fund; Operation and Maintenance Fund, if needed; and Bond Reserve Fund.
Interest and Redemption Fund (Section 5.02(a))	Transfers from Revenue Fund	Bond interest and principal payments.
Operation and Maintenance Fund (Section 5.02(b))	Transfers from Revenue Fund	To meet costs of operation and maintenance if at any time the Corporation shall operate and maintain the Project.
Bond Reserve Fund (Section 5.02(c))	Bond Proceeds and, if depleted, Revenue Fund	Bond principal and interest; payment of final maturities; payment for Project repairs or replacement.
Corporate Operation Fund (Section 5.03)	District Additional Rental Payments.	Corporate operating expenses.

of such completion, together with an Architect's certificate stating the fact and date of such completion, shall be delivered to the Trustee by the Corporation. With the receipt of these certifications the Trustee shall transfer any remaining balance in the Construction Fund to the Revenue Fund.

Revenue Fund. All base rental revenue shall be paid to the Trustee and deposited by the Trustee to the credit of the Revenue Fund. Moneys in the Revenue Fund shall be disbursed, applied, or set aside by the Trustee in the following order of priority:

(a) *Interest and Redemption Fund.* On or before August 31, 1981, and on or before each succeeding February 28 and August 31, an amount equal to the aggregate half-yearly amount of interest becoming due and payable on the outstanding Bonds on the next succeeding interest payment date (less any available balances in said Fund available for the payment of interest on such next succeeding interest payment date) plus an amount equal to one-half of the aggregate amount of principal becoming due and payable on the outstanding Bonds on the next succeeding Bond maturity date.

(b) *Operation and Maintenance Fund.* On or before February 28 and August 31 of each year, an amount estimated to be required to provide for the payment of all costs of maintenance and operation of the Project during the next six months, if at any time the Corporation shall operate the Project.

(c) *Bond Reserve Fund.* On or before August 31, 1981, and on or before each succeeding February 28 and August 31, all moneys available after the deposits required by (a) and (b) have been made. If on March 2 or September 2 of any year (on or after September 2, 1981) the amount in the Bond Reserve Fund exceeds one-half of the maximum annual debt service on the Bonds, the Trustee, if the Corporation is not then in default under terms of the Indenture and if the District is not then in default under terms of the Facility Lease, shall pay the amount of such excess to the District, unless the Trustee, in its discretion, shall determine that the amount of such excess is or will be required for the payment of the principal of and interest on the Bonds on any succeeding interest payment date (assuming for the purpose of such determination that the

District shall pay when due all payments of Base Rental required by the Facility Lease). Except for such withdrawals, moneys in the Bond Reserve Fund shall be used and withdrawn solely for the payment of the principal of and interest on the Bonds in the event no other funds are available therefor, or for the retirement or redemption of all the Bonds then outstanding.

Moneys in the Interest and Redemption Fund and the Bond Reserve Fund may be used by the Trustee to reimburse the District for any rental under the Facility Lease theretofore paid by the District for a period of time during which the payment of rental under the Facility Lease is abated and for which no other moneys (including proceeds of the rental interruption or use and occupancy insurance) are available.

Corporate Operation Fund. The Trustee shall establish and maintain and hold in trust a special fund designated as the "Corporate Operation Fund." The District shall deposit \$2,500 in this Fund on the date the Series of 1979 Bonds become outstanding. Moneys in this Fund shall be disbursed for the payment of administrative costs of the Corporation. The Trustee shall, as often as necessary, give notice to the District of such additional rental required to be paid to replenish and maintain a balance of \$2,500 in this Fund.

Investment of Funds. Any moneys in any of the funds may be invested in time deposits including certificates of deposits of banks or savings and loan institutions or in Federal securities, subject to limitations as set forth in the Indenture.

Moneys in the Interest and Redemption Fund may be invested in obligations which will, as nearly as practicable, mature on or before the respective semi-annual interest payment dates or annual Bond maturity dates.

Moneys in the Construction Fund and the Corporate Operation Fund may be invested in obligations which will mature within one year from the date of investment. Moneys in the Bond Reserve Fund may be invested in obligations which will mature not later than the final maturity date of any outstanding Bonds. Moneys in the Revenue Fund and in the Operation and Maintenance Fund may be invested in obligations which will mature within six months and one year from the date of investment respectively.

All interest earned on any such investment shall become part of the fund on which earned, except that such interest earnings received or accrued on Interest and Redemption Fund and Bond Reserve Fund moneys during construction of the Project shall be transferred to the Construction Fund.

Additional Series of Bonds. The Corporation does not plan, at this time, to issue any series of bonds beyond the Series of 1979 Bonds. Section 4.06 of the Indenture permits the issuance of one or more additional series of parity bonds by supplemental indenture(s) subject to, among other things, the following conditions and compliance with specified procedures:

(1) The Corporation shall not be in default under provisions of the Indenture;

(2) The supplemental indenture shall require that the additional series of bonds will be issued for the purposes of acquiring or constructing public facilities constituting a subsequent project, or the making of additions, improvements, or extensions to the Project;

(3) The additional series of bonds shall have maturities coming due on March 1, and debt service shall be as near as practicable to being the same in each year;

(4) The Corporation must enter into a new or amended Facility Lease with the District in which the District obligates itself to increase the base rental under all Facility Leases in amounts sufficient to provide for the payment of the principal of and interest on the additional series of bonds when due;

(5) Provision must be made to increase the Bond Reserve Fund to an amount equal to at least one-half maximum annual bond service on all series of bonds to be outstanding thereafter; and

(6) A construction contract for the subsequent project to be acquired or constructed shall be entered into at a guaranteed price affordable from proceeds of the additional series of bonds and other available funds, with 100 percent performance and labor and materialmen's bonds for each contractor.

Additional series of parity bonds may also be issued with the consent of the holders of 60 percent of outstanding bonds.

Title Insurance. A policy of title insurance insuring either the leasehold interest title of the Corporation in the real property described in the Site

Lease or the title of the District in such real property will be provided at or prior to delivery of the Series of 1979 Bonds. Said policy will be enforceable for the benefit of the bondholders in the principal amount of the Series of 1979 Bonds.

Fire and Extended Coverage Insurance. While any of the Bonds are outstanding, the Corporation shall cause to be maintained insurance against loss or damage to any structures constituting part of the Project by fire and lightning and extended coverage insurance, including vandalism and malicious mischief insurance and including sprinkler system leakage insurance and boiler insurance. Such insurance shall either (1) be in an amount equal to the replacement cost of the structures subject to deductible clauses for any one loss not to exceed \$50,000, or (2) be in an amount and in form sufficient to enable the Corporation (together with moneys in the Bond Reserve Fund) either to retire all Bonds then outstanding or to restore the structures to the condition existing before such loss.

Earthquake Insurance. Upon completion of any part of the Project, the Corporation shall cause to be maintained earthquake insurance in an amount equal to the replacement cost of structures, provided coverage is available at reasonable cost on the open market from reputable insurance companies. Such insurance may be subject to a deductible clause of not to exceed 10% of said replacement cost for any one loss. Alternatively, the Corporation may provide earthquake insurance in an amount and form sufficient to enable the Corporation either to retire all bonds then outstanding or to restore the structures to the condition existing before such loss.

Use and Occupancy Insurance. While any of the Bonds are outstanding, the Corporation shall cause to be maintained use and occupancy or rental interruption insurance to cover total or partial loss of rental income from any structure constituting the Project facilities resulting from damages discussed in the "Fire and Extended Coverage Insurance" and "Earthquake Insurance" paragraphs above in an amount sufficient to pay the total rental due for the period of time allowed for the reconstruction of the structures plus three months. Use and occupancy or rental interruption insurance need be maintained as to the peril of earthquake only following completion of construction and only if available at reasonable cost on the open market from reputable insurance companies.

Public Liability Insurance. Except as provided below, while any of the Bonds are outstanding the Corporation shall cause to be maintained public liability insurance. Minimum liability limits for such insurance are \$500,000 for personal injury or death of one person; \$1,000,000 for personal injury or death of two or more persons in each event; and \$100,000 subject to a deductible clause not to exceed \$5,000, for property damage for any one accident. Such public liability and property damage insurance may however be in the form of a single limit policy in the amount of \$1,000,000 covering all such risks. Insurance coverages may also be effected by legal self-insurance programs.

Eminent Domain. If all or any part of the trust estate shall be taken by eminent domain proceedings, or sold under threat thereof, the proceeds therefrom shall be deposited with the Trustee and applied and disbursed as follows: (a) to be treated as revenues of the Project if the Project's operation has not been materially affected or the Corporation's ability to meet its obligations has not been impaired; or the proceeds shall be used if needed for repair or rehabilitation of the Project; (b) to be used to redeem Bonds if less than all of the Project shall have been taken by eminent domain and if the Project's operation has been materially affected, or the Corporation's ability to meet its obligations has been impaired; and (c) if all of the Project shall have been taken by eminent domain, the proceeds therefrom and any other available monies shall be used to redeem all the outstanding Bonds, provided that if said moneys are insufficient the Trustee shall first apply the proceeds to meet the Trustee's costs of administration of its trusts under the indenture and then to payment of principal and interest on the Bonds then outstanding, ratably without preference or priority.

Non-Liability of Individuals. No recourse shall be had for the payment of the principal of or the interest on the Bonds or for any claim based thereon or otherwise in respect thereof, or based on or in respect of the Indenture or any indenture supplemental thereto, against any incorporator, member, director or officer, as such, past, present or future, of the Corporation or of any predecessor or successor corporation, either directly or through the Corporation or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being by the acceptance of the Bonds

and as part of the consideration for the issue thereof expressly waived and released, as provided in the Indenture.

Additional Covenants. The Indenture contains other covenants, including but not limited to the following whereby the Corporation agrees to:

- (1) Punctually pay the principal and interest on the Bonds as they become due;
- (2) Promptly collect all rentals and charges due for the occupancy or use of the Project and to enforce its rights against any tenant who does not pay such rentals and charges as they become due;
- (3) Maintain, or cause to be maintained, proper books of record and account;
- (4) Maintain, or cause to be maintained, in good condition and repair the Project facilities;
- (5) Construct and complete the Project in conformity with the construction contract (under the construction contract 100% performance bonds and 100% labor and materialmen's bonds will be required of the contractor);
- (6) Pay, discharge, or contest any taxes, assessments, or other charges upon the Project or the revenues.

Remedies on Default. In the event of default, the Trustee may, and upon the written request of holders of not less than 25 percent of the principal amount of Bonds outstanding, shall, by notice in writing to the Corporation, declare and cause the principal of all of the outstanding Bonds and the interest accrued thereon to be due and payable immediately.

Events of default by the Corporation are defined by the Indenture to include:

1. Failure to pay principal, interest or redemption premium on Bonds when due.
2. Failure to perform or observe covenants, agreements, or conditions in the Indenture or in the Bonds for a period of sixty (60) days after notice thereof is given to the Corporation.
3. Termination of the corporate existence of the Corporation.
4. Admission by the Corporation that it is unable to pay its debts, or certain other acts of bankruptcy or insolvency of the Corporation.
5. If under the provisions of any bankruptcy law, a court appoints a receiver or assumes custody or control of the Corporation or a sub-

stantial part of its property, or approves a petition seeking reorganization of the Corporation, failure of the Corporation to terminate or stay such order, judgment or decree, or custody or control within sixty days.

If one or more events of default continue, the Trustee may, in its discretion, and upon the written request of the holders of not less than a majority of the principal amount of Bonds outstanding, and upon being indemnified to its satisfaction, shall proceed with any of the following remedies: enter and take possession of the trust estate, institute legal proceedings by a suit in equity or action at law, or sell the trust estate. The holders of a majority of the bonds outstanding have the right to direct the time, method, and place of conducting any remedy,

or to exercise any trust or power conferred upon the Trustee under the Indenture. In the event of sale of the trust estate, all of the Bonds shall become due and payable, if not already declared due and payable.

For a more complete discussion of bondholder and trustee powers in the event of default, reference is made to the Indenture.

Maximum Annual Debt Service

Table 2 shows annual debt service on the Corporation's Series of 1979 Bonds based on the maximum interest rate of 8 percent that may be bid on the Series of 1979 Bonds.

Table 2

MADERA UNIFIED SCHOOL DISTRICT SCHOOL BUILDING CORPORATION

\$2,600,000 Principal Amount Series of 1979 Bonds

Maximum Annual Debt Service

Year Ending March 1	Principal Amount Outstanding	Interest @ 8% Payable		Principal Payable March 1	Maximum Annual Debt Service
		September 1	March 1		
1980	\$2,600,000	\$ —	\$104,000 ^①	\$ —	\$104,000 ^①
1981	2,600,000	104,000 ^①	104,000 ^①	—	208,000 ^①
1982	2,600,000	104,000	104,000	45,000	253,000
1983	2,555,000	102,200	102,200	50,000	254,400
1984	2,505,000	100,200	100,200	55,000	255,400
1985	2,450,000	98,000	98,000	55,000	251,000
1986	2,395,000	95,800	95,800	60,000	251,600
1987	2,335,000	93,400	93,400	65,000	251,800
1988	2,270,000	90,800	90,800	75,000	256,600
1989	2,195,000	87,800	87,800	80,000	255,600
1990	2,115,000	84,600	84,600	85,000	254,200
1991	2,030,000	81,200	81,200	95,000	257,400
1992	1,935,000	77,400	77,400	100,000	254,800
1993	1,835,000	73,400	73,400	110,000	256,800
1994	1,725,000	69,000	69,000	120,000	258,000
1995	1,605,000	64,200	64,200	125,000	253,400
1996	1,480,000	59,200	59,200	135,000 ^②	253,400
1997	1,345,000	53,800	53,800	150,000 ^②	257,600
1998	1,195,000	47,800	47,800	160,000 ^②	255,600
1999	1,035,000	41,400	41,400	175,000 ^②	257,800
2000	860,000	34,400	34,400	190,000 ^②	258,800
2001	670,000	26,800	26,800	205,000 ^②	258,600
2002	465,000	18,600	18,600	220,000 ^②	257,200
2003	245,000	9,800	9,800	245,000 ^②	264,600

① Interest funded from Bond Proceeds.

② Callable from any source of funds on or after March 1, 1990.

THE PROJECT

Project Facilities

Proceeds from the sale of the \$2,600,000 principal amount of Series of 1979 Bonds currently being offered for sale will be used to finance continuation of the Project consisting of: (1) an eleven classroom elementary school, and (2) additional classrooms to be constructed at existing schools as follows: Madera High School—one classroom; Thomas Jefferson Junior High School—one classroom; John Adams Elementary School—four classrooms; and James Monroe Elementary School—four classrooms.

Project Implementation

On May 31, 1977 voters of the District approved by majority vote an increase of \$0.159 per \$100 of assessed valuation in the District's maximum tax rate for the years 1977/78 to 2002/03 for purposes of preparing plans and specifications and leasing fully furnished, equipped, and landscaped Project facilities described above.

Plans and specifications for Project facilities, prepared by Hastrup & Hyde, Inc., Fresno, California, have been approved by the Office of State Architect as conforming to fire, safety, and earthquake safety standards.

On July 24, 1979 the Corporation received sealed competitive bids for construction of the Project. The low bid of \$2,374,780 was submitted by Lewis C. Nelson & Sons Construction Co., Selma, California. A labor and materialmen's bond of 100% of the contract amount and a performance bond of 100% of the contract amount is required of the contractor.

During the construction period the contractor is required by the construction contract to carry public liability and property damage insurance, worker's compensation insurance and insurance for others naming as insureds: the Corporation and its members, directors, officers, agents and employees—the Trustee, and the District and its officers, agents, and employees. Each of said policies of insurance shall provide coverage in the following minimum

amounts: for personal injury \$1,000,000 each person, \$3,000,000 each occurrence; property damages \$200,000 on account of any one occurrence, except that insurance required to be maintained by subcontractors under public liability and property damage insurance shall provide coverage in the following minimum amounts: for personal injury \$350,000 each person, \$1,000,000 each occurrence; property damages \$100,000 on account of any one occurrence.

During the construction period and until final acceptance of the Project, the contractor will maintain builder's risk insurance against loss or damage to the Project by fire and lightning, with extended coverage, vandalism, malicious mischief, flood and earthquake endorsements. Such insurance shall be in an amount equal to the replacement cost of all structures constituting any part of the Project, subject to a deductible clause of not to exceed \$50,000, except in the case of earthquake insurance which shall be subject to deductible clauses of not to exceed ten percent (10%) of replacement cost for any one loss.

Rental interruption insurance is to be maintained by the contractor in an amount not less than the rental due for the period of time allowed for construction of the Project plus three months.

Upon delivery of the Series of 1979 Bonds, the following simultaneous actions will be taken:

(1) the Site Lease and the Facility Lease for the Project between the Corporation and the District will be executed and recorded; and

(2) the Corporation will enter into the construction contract with the above-named contractor for construction of the Project.

Completion of construction of the Project is scheduled for September 1, 1980.

Project Budget

The tabulation below shows the Project budget based on the receipt of construction bids on July 24, 1979 and estimates of other Project cost elements furnished by Hastrup & Hyde, Inc., and District staff.

Construction	\$2,374,780
Plans, Surveys, Fees	216,011
Testing and Inspection	52,000
Furniture and Equipment	150,000
	<hr/>
	\$2,792,791

Application of District Funds

The lease authorization tax of \$0.159 per \$100 assessed valuation, approved by voters on May 31, 1977, has been levied by the District in 1977/78 and 1978/79 to generate funds to meet a portion of the Project's cost on a cash basis. Expenditures to date for Project purposes (principally Office of State Architect fees and surveys) which have been paid with District funds total \$13,509.

The District's Business Manager advises that District funds presently available for other Project purposes total \$525,300. Available District funds will be applied as follows: (a) Reserve \$202,500 to meet the balance of estimated costs of Plans, Surveys and Fees (\$216,011 less \$13,509 paid to date); (b) Reserve \$52,000 to meet costs of Testing and Inspection during the construction period; and (c) Contribute \$260,000 toward construction to reduce the amount of bonds the Corporation would otherwise have to issue to build the Project. Approximately \$10,800 of remaining District funds will be held for contingencies.

With respect to Furniture and Equipment costs (estimated @ \$150,000) it is anticipated that the need for these funds will occur in the latter part of 1979/80. The lease authorization tax will be levied by the District in 1979/80 at a rate which will produce sufficient funds to pay furniture and equipment costs plus a reasonable allowance for other Project contingencies.

Bond Issue and Disposition of Bond Proceeds

Based on the application of available District funds to pay costs of: (a) plans, surveys, and fees @ \$216,011; (b) testing and inspection @

\$52,000; (c) furniture and equipment @ \$150,000; and (d) a portion of construction @ \$260,000; it is estimated that net proceeds from the sale of the \$2,600,000 principal amount of Series of 1979 Bonds, and estimated income from the investment of Bond proceeds during the construction period will be sufficient to fund the balance of the Project's construction costs as shown in the tabulation below.

MADERA UNIFIED SCHOOL DISTRICT SCHOOL BUILDING CORPORATION Project Funding Summary

Total Estimated Project Costs	\$2,792,791
Source of Funds	
District	\$ 678,011
Bond Proceeds and Investment Income	\$2,114,780
Total	\$2,792,791
Disposition of Bond Proceeds	
Principal Amount of Bonds To Be Issued	\$2,600,000
Less: Funded Interest Through March 1, 1981	(\$312,000)
Bond Reserve Fund	(\$132,300)
Costs of Issuance	(\$75,000)
Net Bond Proceeds to Construction Fund	\$2,080,700
Add: Investment Income During Construction	\$ 73,500
Net Bond Proceeds and Interest Income	\$2,154,200
Amount Available For Construction Contingencies	\$ 39,420

DISTRICT ORGANIZATION AND FINANCIAL DATA

Organization

The Madera Unified School District provides kindergarten through twelfth grade educational services to residents of an area encompassing approximately 440 square miles in the southwestern part of Madera County, in the San Joaquin Valley of California.

The District has operated as a unified school district under the laws of the State of California since July 1, 1966. The District was organized July 1, 1965, as the result of an election held May 25, 1965. Geographically, the District includes all of the former Madera Union High School District, which comprised the following elementary school districts: Alpha, Berenda, Dixieland, Eastin-Arcola, Howard, La Vina, Madera, Ripperdan, and Webster.

The District is governed by an independent Board of Education of seven members who are elected at large for overlapping four-year terms. The District's affairs are administered by the Superintendent, who is appointed by the Board of Education. Dr. Duane Furman has served as Superintendent since the formation of the District on July 1, 1966. He has been engaged in the field of public education and administration for over 25 years.

Facilities, Personnel, and Enrollment

District facilities include 11 elementary schools, one intermediate school, one high school, and one continuation high school. The full-time staff of the District includes 369 certificated, 299 classified, and 28 administrative personnel, augmented by 26 certificated, 190 classified, and 3 administrative part-time personnel. October 1978 enrollment was 8,367, an increase of 212 over the October 1977 enrollment of 8,155.

Table 3 shows District assessed valuations, average daily attendance, and assessed valuation per student in average daily attendance over the past five years. During this period, the District's assessed valuation increased approximately 67.2 percent, assessed valuation per unit of average daily attendance increased 56.8 percent, and average daily attendance increased 6.6 percent, based on estimated 1978/79 average daily attendance of 8,407. However, as a result of Proposition 13, future assessed valuations are not anticipated to grow at the rate experienced over the period 1974/75 through 1978/79.

Table 3
MADERA UNIFIED SCHOOL DISTRICT
Assessed Valuation and Average Daily Attendance

Fiscal Year	Assessed Valuation ^①	Average Daily Attendance	Assessed Valuation Per Unit of Average Daily Attendance
1974/75	\$109,953,695	7,883	\$13,948
1975/76	127,273,935	8,051	15,808
1976/77	150,984,231	8,368	18,043
1977/78	169,374,870	8,520	19,880
1978/79	183,815,481	8,407 ^②	21,865 ^②

^① Includes State-reimbursed exemptions.

^② Estimated.

Source: Madera County Auditor-Controller and District records.

Assessed Valuations

The Madera County Assessor assesses property for District tax purposes. The State Board of Equalization reports the 1977/78 Madera County valuations average 23.3 percent of full market value, except for public utility property, which is assessed by the State at 25 percent of full value. County assessment ratios for 1978/79 are not available.

Under California State Law, two types of exemptions of property from ad valorem taxes became effective in the 1969/70 fiscal year. One exempts 50 percent of the value of business inventories from ad valorem taxes. The other provides for an exemption of \$1,750 of the assessed valuation of an owner-occupied dwelling if the owner files for the exemption. Under the provisions of a Constitutional

Amendment, the California legislature can raise this exemption. Revenue estimated to be lost to each taxing entity as a result of such exemptions is reimbursed to the taxing entity from state funds. The reimbursement is based upon total taxes which would be due on the assessed valuation of the property qualifying for these exemptions, without allowance for delinquencies.

Table 4 presents the District's 1978/79 assessed valuation by tax roll, before and after these two exemptions. These data reflect the implementation of Proposition 13, now Article XIII A of the California Constitution as discussed in this official Statement under the section entitled "1978 Constitutional Amendment, Supreme Court Validation, and Implementing Legislation" beginning on page 8.

Table 4
MADERA UNIFIED SCHOOL DISTRICT
1978/79 Assessed Valuation

Tax Roll	Taxable Assessed Valuation	Homeowners Exemptions	Business Inventory Exemptions	Assessed Valuation for Revenue Purposes
Secured	\$145,816,989	\$9,749,917	\$7,290,900	\$162,857,806
Utility	11,152,990	—	—	11,152,990
Unsecured	7,845,635	8,070	1,950,980	9,804,685
Total	\$164,815,614	\$9,757,987	\$9,241,880	\$183,815,481

Source: Madera County Auditor-Controller.

The previous five-year history of the District's assessed valuation by tax roll, prior to the two special exemptions noted above, is shown in Table 5. During the 1973/74-1977/78 period District assessed valuations increased at an average annual rate

of 15.2 percent. In 1978/79 the District's assessed valuation increased 8.5 percent over the previous year, despite Proposition 13, primarily due to the high rate of new construction in the District.

Table 5
MADERA UNIFIED SCHOOL DISTRICT
Assessed Valuation by Tax Roll^①

Tax Roll	1973/74	1974/75	1975/76	1976/77	1977/78
Secured	\$86,047,665	\$ 98,573,795	\$115,024,275	\$136,992,860	\$151,389,810
Utility	6,105,820	6,479,800	6,716,810	7,939,600	10,052,080
Unsecured	4,147,960	4,900,100	5,532,850	6,051,771	7,932,980
Total	\$96,301,445	\$109,953,695	\$127,273,935	\$150,984,231	\$169,374,870

^① Includes reimbursable exemptions.

Source: Madera County Auditor-Controller.

Tax Rates

Section 1(a) of Article XIII A of the California Constitution limits any ad valorem tax on real property to one percent of the full cash value of such property; however this limitation is not applicable to ad valorem taxes or special assessments to pay the interest and redemption charges on any indebtedness approved by voters prior to the effective date of Article XIII A of the California Constitution (July 1, 1978).

The District's basic property tax rate for 1978/79 is \$0.445 per \$100 assessed valuation, composed of the following elements: State Loan Repayment, \$0.134; Public School Building Loan, \$0.137; High School Bonds, \$0.015; and Lease/Purchase, \$0.159.

In addition, there are bond rates in certain component areas, as shown in the following tabulation of District tax rates since 1974/75. Prior to 1978/79, the basic District tax rate ranged from \$4.233 to \$4.713 per \$100 assessed valuation. Table 6 provides a five-year record of District tax rates.

There are 40 tax code areas in the District. In the 1978/79 tax year, total tax rates within these code areas range from \$4.450 to \$4.523 per \$100 assessed valuation. Tax Code Area 61-02 has the largest assessed valuation in the District (1978/79 assessed valuation \$43,908,013). Total tax rates levied in Tax Code Area 61-02 over the past five years are presented in Table 7 on page 25.

Table 6

MADERA UNIFIED SCHOOL DISTRICT Tax Rate Distribution by Purpose

	1974/75	1975/76	1976/77	1977/78	1978/79 ^①
General Purpose	\$3.923	\$4.017	\$3.996	\$4.028	—
Community Services .....	.100	.100	.100	.100	—
Meals for Needy Pupils .....	.015	—	.009	—	—
State Loan Repayment .....	.021	.034	.086	.149	\$.134
Public School Building Loan .....	.145	.125	.124	.131	.137
Bond—Madera High .....	.029	.024	.020	.018	.015
Adult Education	—	—	.022	.128	—
Lease/Purchase	—	—	—	.159	.159
District Rate	\$4.233	\$4.300	\$4.357	\$4.713	\$4.445
Component Bond Rates:					
La Vina .....	.124	.097	.087	.078	.073
Madera No. 8 .....	.025	.024	.021	.019	.016
Madera No. 8B .....	.041	.038	.030	.027	.022

① These figures are presented for historical comparison, with reference only to the time frame of the years shown, inasmuch as the passage of Proposition 13, discussed previously, obviates the direct use of tax rates for the apportionment of taxes. Because of Proposition 13 implementing legislation adopted by the state legislature, the bulk of local revenues represented by property tax rates prior to 1978/79 have been replaced by state appropriations and apportionments in the 1978/79 fiscal year.

Source: County Auditor-Controller.

Table 7

MADERA UNIFIED SCHOOL DISTRICT
Tax Code Area 61-02
Tax Rates Per \$100 Assessed Valuation

Tax Agency	1974/75	1975/76	1976/77	1977/78	1978/79 ^①
Madera County	\$2.170	\$1.984	\$2.155	\$2.125	\$4.000
Road District .....	.050	.050	.050	.050	—
Madera Unified School District	4.299	4.362	4.408	4.759	.483
Community College District .....	.797	.789	.728	.672	.005
Other Education .....	.415	.483	.490	.464	—
Madera Cemetery District .....	.176	.125	.120	.161	—
Flood Control .....	.020	.020	.010	.010	—
Mosquito Abatement .....	.150	.150	.150	.150	—
Total Rate	\$8.077	\$7.963	\$8.111	\$8.391	\$4.488

① As a result of the passage of Proposition 13, the maximum tax rate for all taxing entities in the County of Madera is an effective \$4 per \$100 of assessed valuation, plus such additional amount as is necessary to cover certain voter-approved outstanding indebtedness. The California legislature has adopted legislation apportioning the property tax among the various taxing agencies in the County.

Source: Madera County Auditor-Controller.

**Tax Levies, Collections, and
Delinquencies**

School District secured taxes appear on the same tax bill as county and city taxes, are payable in equal installments on November 1 and February 1, and become delinquent on December 10 and April 10, respectively. Taxes on properties appearing on the unsecured roll are assessed on March 1 and become delinquent the following August 31. Table 8 summarizes the general purpose secured tax levies and the amount and percentage of the levy delinquent as of June 30 for the past five fiscal years in the District's tax code areas. During this period the rate of current year secured tax delinquency averaged 1.83 percent.

Table 8

MADERA UNIFIED SCHOOL DISTRICT
Secured Tax Levy and Delinquency

Year Ending June 30	Secured Tax Levy	Delinquent as of June 30	
		Amount	Percent
1974	\$3,213,977	\$ 49,920	1.55%
1975	3,929,633	73,454	1.87
1976	4,695,213	99,496	2.12
1977	5,701,992	117,783	2.07
1978	6,925,754	106,869	1.54

Source: Madera County Auditor-Controller.

Largest Taxpayers

Two utilities, Pacific Gas and Electric Company and Southern California Edison Company, are the largest taxpayers in the District. Their combined 1978/79 assessed valuations (25% of market value) exceed \$33 million. Shown below are the District's principal taxpayers, as reported by the County Assessor.

Name	Business	1978/79 Assessed Value
Pacific Gas & Electric Co.	Utility	\$18,761,950
Southern California Edison Co.	Utility	14,961,990
United Vintners Inc. . .	Winery	12,284,545
Madera Glass Co.	Bottle Mfr.	5,174,360

Source: Office of the Assessor, County of Madera.

**District Accounting and
Financial Records**

District accounts are maintained in accordance with procedures prescribed by the California State Department of Education and are based on the accrual method of accounting. Revenues, expenditures, and appropriations for most funds are recorded on a

computer located in the office of the County Superintendent of Schools. The Bond Interest and Redemption Fund is the responsibility of the Madera County Auditor. Student body funds are accounted for by the school principals concerned. Bank deposits are under control of the County Auditor's office, except for a special cafeteria fund, the Farm account (vocational education), a small revolving fund, and student body funds.

General Fund Income and Expenditures

Table 9 presents a five-year summary for fiscal years 1974/75 through 1978/79 of income and expenditures of the Madera Unified School District as

reported in annual audits of the District and the most recent estimates. Also included in Table 9 is the annual expenditure budget and the variation of these budgets to actual expenditures.

On June 24, 1978, the Governor approved Senate Bill 154 (Chapter 292, 1978 Statutes) which provided partial relief to local governmental entities from the difficulties brought about by the passage of Proposition 13. This bill, among other purposes, appropriated funds from the State General Fund:

A. to Section A of the State School Fund (said Fund provides for the funding of California school districts) in lieu of statutory prescribed appropriations for the 1978/79 fiscal year and

Table 9
MADERA UNIFIED SCHOOL DISTRICT
Summary of General Fund Income and Expenditures

	1974/75	1975/76	1976/77	1977/78	1978/79
Beginning Balance as Adjusted July 1 ..	\$ 403,444	\$ 684,724	\$ 797,321	\$ 874,563	\$ 1,191,984
Income:					
Property Taxes	\$4,060,640	\$ 4,838,552	\$ 5,843,140	\$ 7,151,888	\$ 4,001,218
State Apportionments	3,003,213	2,866,978	3,229,206	3,908,733	9,510,958
Reimbursable Exemptions	591,669	645,844	695,414	866,130	439,137
Federal and State Aid	1,125,218	1,444,670	1,353,703	2,053,440	1,461,622
County Aid	468,661	715,568	660,899	548,322	—
Local Sources	30,441	122,613	77,521	41,731	335,887
Other	7,034	11,462			
Subtotal	\$9,286,876	\$10,645,687	\$11,859,883	\$14,570,244	\$15,748,822
Total Funds Available	\$9,690,320	\$11,330,411	\$12,657,204	\$15,444,807	\$16,940,806
Expenditures:					
Certificated Salaries	\$5,102,806	\$ 5,735,460	\$ 6,260,295	\$ 7,006,429	\$ 7,711,411
Classified Salaries	1,431,298	1,686,633	1,731,409	2,196,788	2,526,727
Employee Benefits	713,875	921,319	1,299,451	1,591,243	2,139,815
Books, Supplies, Eq. Repl.	710,005	869,317	903,658	1,006,971	1,007,067
Contracted Services	430,727	452,960	613,546	908,113	805,673
Capital Outlay	88,791	187,733	263,037	535,796	515,647
Public School Building Loan	156,665	155,450	180,512	215,245	243,013
State School Building Aid	22,899	41,665	121,479	241,182	240,771
Community Service	117,601	143,908	214,226	142,203	①
Other Tuition	11,340	73,683	98,190	49,710	53,156
Interfund Transfers	200,000	273,530	20,000	249,761	269,190
Total Expenditures	\$8,986,007	\$10,541,658	\$11,705,803	\$14,143,441	\$15,512,470
Revised Budget	\$9,161,373	\$10,647,397	\$12,117,886	\$14,956,416	\$17,023,803
Variance	(175,366)	(105,739)	(412,083)	(812,975)	(1,511,333)
Fund Balance, June 30	\$ 704,313	\$ 788,754	\$ 951,401	\$ 1,301,366	\$ 1,428,335

① Included in other expenditure categories.

Source: Madera Unified School District Reports on Examination prepared by Richard L. Braddy, Certified Public Accountant, for the years ending June 30, 1975 through June 30, 1978. Figures for 1978/79 supplied by District staff and are unaudited.

presents a method for computing the state support for school districts.

B. to various categorical aid programs operated by school districts.

On June 30, 1978, the Governor also approved Senate Bill 2212 (Chapter 332, 1978 Statutes) which made various technical and other changes in school finance provisions to comply with Chapter 292, 1978 Statutes.

State appropriations to the State School Fund and various categorical aid programs operated by school districts pursuant to Chapters 292 and 332, 1978 Statutes were applicable for fiscal year 1978/79 only.

Beginning in 1979/80 State appropriations to the State School Fund and various categorical aid programs operated by school districts will be governed by provisions of A.B. No. 8 as previously discussed on pages 10 and 11.

Fund Balances

District fund balances as of June 30 each year for the 1975-79 period are presented in Table 10.

Direct and Estimated Overlapping Bonded Debt

The tabulation at the top of page 28 lists outstanding general obligation bonded debt as of June 30, 1979.

The State of California Education Code provides that a unified school district shall not enter into any long term leases of buildings if the combination of: (a) 50 percent of the District's rental payments under such leases, plus (b) the outstanding district general obligation bonded indebtedness, exceeds 12.5 percent of the District's net taxable assessed valuation plus homeowners' and business inventories exemptions.

Based on the District's 1978/79 assessed valuation (\$183,815,481), the 12.5 percent limit of anticipated lease rentals and general obligation bonded debt equals \$22,976,935. The estimated maximum aggregate lease rental payable by the District under the Project Facility Lease includes (a) base rental of \$5,627,600 assuming the maximum permitted interest rate of 8 percent is bid on the Series of 1979 Bonds, and (b) additional rental estimated at \$2,500 per year over the term of the Project Facility Lease, or \$55,000 in the aggregate. Fifty percent of the District's lease rental obligations (\$2,841,300), plus outstanding general obligation bonds of the District (\$259,000) will approximate 13.5 percent of the District's general obligation bonded debt and lease rental obligation limit of \$22,976,935.

The direct and estimated overlapping bonded debt of the District is shown in Table 11. The \$2,600,000 principal amount of the Corporation's Series of 1979 Bonds is shown for informative purposes only since bonds of the Corporation are not a debt or obligation of the District.

Table 10
MADERA UNIFIED SCHOOL DISTRICT
Fund Balances, June 30

Fund	1975	1976	1977	1978	1979
General Fund	\$704,313	\$788,754	\$951,401	\$1,301,366	\$1,428,335
Insurance Fund	10,777	26,192	43,510	41,187	71,383
Special Reserve Fund	129,007	93,945	7,899	5,312	1,512
Bond Interest and Redemption Fund	66,465	65,260	62,704	63,822	56,416
Cafeteria Fund	103,586	152,997	224,774	207,014	95,609
Student Body Accounts	48,398	56,145	61,487	73,573	87,800
Farm Account	—	8,248	10,143	8,739	9,300
High School Building Fund	295,289	49,046	—	—	—
Elementary Building Funds	171,141	22,480	—	256,619①	535,104

① Includes Dixieland Building Fund, Eastin-Arcola Building Fund, and Webster Building Fund.

Source: Madera Unified School District Reports on Examination prepared by Richard L. Braddy, Certified Public Accountant, for the years ending June 30, 1975 through June 30, 1978. Figures for 1979 supplied by District staff and are unaudited.

MADERA UNIFIED SCHOOL DISTRICT
Outstanding General Obligation Bonded Debt

Issue	Amount of Original Issue	Final Maturity	Annual Payment	Outstanding June 30, 1979
LaVina 1958	\$162,000	1983	\$ 7,000	\$ 35,000
Madera Elementary 1955	267,000	1980	11,000	22,000
1959	309,000	1984	13,000	78,000
Madera High School 1959	600,000	1984	24,000	144,000
Total			\$55,000	\$279,000

Table 11
MADERA UNIFIED SCHOOL DISTRICT
Statement of Direct and Estimated Overlapping Debt^①

Estimated Population	33,000
1978/79 Assessed Valuation	\$183,815,481
Estimated Real Value	\$735,261,924 ^②

Public Entity	Percent Applicable	Estimated Debt Applicable August 28, 1979
Madera Unified School District	100%	\$ 259,000
Madera Unified School District School Building Corporation	100	2,600,000 ^③
City of Madera	100	1,600,000
Total Gross Direct and Estimated Overlapping Bonded Debt		\$4,459,000
Less: City of Madera 100% Self-Supporting Water and Sewer Bonds		\$1,310,452
Total Net Direct and Estimated Overlapping Bonded Debt		\$3,148,548

	Ratio to		
	Assessed Valuation	Real Value	Per Capita
Assessed Valuation	—	—	\$5,570
Direct Debt ^③	1.56%	0.39%	87
Gross Direct and Estimated Overlapping Bonded Debt ^③	2.43	0.61	135
Net Direct and Estimated Overlapping Bonded Debt ^③	1.71	0.43	95

① Prepared in cooperation with California Municipal Statistics, Inc.

② Assumes 1978/79 assessed valuations are 25 percent of real value.

③ The \$2,600,000 Series of 1979 Bonds of the Madera Unified School District School Building Corporation offered for sale on August 28, 1979 are not a direct debt of the Madera Unified School District but are included herein for informational purposes only.

Lease Obligations

The District is committed to the following lease obligations as of June 30, 1979.

Lessor	Description	Term	Amount
Berry Construction	Central Office Bldg. 1902 Howard Road, Madera	9/15/78- 9/14/83	\$2,520.00/month
R. L. and M. A. Hruska	CETA Warehouse 206 North E. Madera	12/13/78-12/12/79	\$ 250.00/month
21-A District Agri. Association, Calif.	CETA Building Madera District Fairgrounds	1/15/79- 1/14/80	\$ 358.34/month
Bank of America	Offset Press (lease purchase)	12/15/79	\$9,929.87 ^①

^① Final payment.

1979/80 Preliminary Budget

Table 12 contains a summary of the District's preliminary 1979/80 general fund budget. Pursuant to A.B. No. 8, revenue from State block grant and local property taxes is estimated at \$12,486,146

compared to the \$12,444,300 estimate for 1979/80 contained in the A.B. No. 8 Legislative Conference Committee Education Exhibit No. 1 (see tabulation at the top of page 11).

Table 12

MADERA UNIFIED SCHOOL DISTRICT 1979/80 Preliminary Budget

	1979/80 Preliminary Budget
Revenue:	
Adjusted Net Beginning Balance	\$ 1,579,172
Federal Income	1,380,109
State Income Other Than Block Grant	1,587,150
County Income	16,500
Local Income Other Than Block Grant	790,701
Block Grant and Local Property Taxes	12,486,146
Total Available Income	\$17,839,778
Expenditures:	
Certificated Salaries	\$ 8,176,137
Classified Salaries	2,731,961
Employee Benefits	2,347,040
Books, Supplies and Equipment Replacement	1,270,811
Contracted Services and Other Operating Expenses	1,118,909
Sites, Buildings, Books, Media and New Equipment	761,695
Other Outgo, Including School Building Apportionment	466,721
Total Expenditures	\$16,873,274
Appropriations for Contingencies	966,504
Total	\$17,839,778

Source: District Business Manager.

Employer-Employes Relations

Certificated personnel of the Madera Unified School District are represented by the National Education Association—California Teachers Association. A three-year contract extends through the 1979/80 school year.

Classified personnel are represented by the California School Employees' Association (CSEA). A three-year contract also extends through 1979/80.

Effective July 1, 1976, provisions of the Rodda Act codified as Chapter 961 of the 1975 Statutes affects all school districts in California. In case of labor disputes, local grievance procedures may be operative (if established by contract), or both parties may agree to submit grievances to final and binding arbitration pursuant to rules adopted by the Educational Employment Relations Board, which administers the Act. The Act's provision with respect to the rights, obligations, and unfair practices applicable to management and labor became effective April 1, 1976.

Pension Plans

The District participates in the State of California Teachers' Retirement System (STRS). This plan covers basically all full-time certificated employees. The District's contribution to STRS for fiscal year 1978/79 amounted to \$598,175.

The District also participates in the State of California Public Employees' Retirement System (PERS). This plan covers all classified personnel who are employed at least 50 percent of the work-week. The District's contribution to PERS for 1978/79 amounted to \$271,474.

Classified employees also participate in the Federal Social Security System, for which the District paid \$125,289 (estimated) in 1978/79. In addition, the District maintains State Workmen's Compensation coverage in behalf of all employees.

The State Teachers' Retirement System (STRS) operates under provisions of the State Education Code. The System includes California public teachers from preschool through grade fourteen and certain other employees of the public school system. There were approximately 335,100 active and inactive members, 75,351 benefit recipients, and 1,149 participating agencies at June 30, 1978. Membership is mandatory for all certificated employees meeting the eligibility requirements.

The System is financed by earnings from investments and contributions from members, school districts, and the State of California, which pays

\$144,300,000 annually to the year 2002, subject to annual legislative appropriation. Under present rules, members contribute eight percent of applicable earnings, and school districts contribute a percentage of applicable member earnings rising to eight percent beginning July 1, 1978. However, under legislation enacted in 1977, new increased rates, effective July 1, 1979, would result in total contributions of 21 percent of payroll after a five-year period. The employer rate would increase to 10 percent, and the State of California would contribute three percent, with the employee rate remaining at eight percent.

Actuarial valuations of the System are based upon the entry-age-normal cost method, which is a projected benefit cost method wherein level normal cost rates (contributions) are computed sufficient to fund benefits over the entire service life of members. The System's financial statements are prepared on the accrual basis of accounting.

At June 30, 1978, the total unfunded obligation of the System was \$10,904,000,000, as determined by the independent actuary. This includes the present value of future State contributions provided by the State Teacher's Retirement Law (\$1,643,000,000).

Comparable figures for June 30, 1977 were \$9,894,721,919 and \$1,666,000,000, respectively. In the opinion of the Chief Executive Officer for STRS, the additional contributions referred to above, while helpful, will not solve the funding problem.

A.B. No. 8 signed into law by the Governor on July 24, 1979 increases the State's contribution to the State Teachers' Retirement System in order to stabilize the ratio of unfunded liability to payroll. Additional State funds are to be provided by increasing the present \$144.3 million State payment annually by annual increases in the Consumers Price Index (CPI), and increasing the present State contribution up to \$280 million annually in 15 years. After the fifteenth year, the added State contribution is inflated by annual increases in the CPI. The scheduled increase in State contributions is as follows:

1980/81	\$ 10 million
1981/82	\$ 20 million
1982/83	\$ 40 million
1983/84 through 1994/95	\$ 20 million
1995/96	\$280 million plus CPI

Source: Legislature A.B. No. 8 Conference Committee Report Long Term Local Government and School Financing, July 19, 1979.

The State Teachers' Retirement System's actuary is Milliman & Robertson, Inc., of San Francisco, California; Investment Counsel for equities is Scudder, Stevens & Clark, San Francisco, California; Auditor is Coopers & Lybrand, Sacramento, California.

The State Public Employees' Retirement System (PERS) was originally established in 1931. As of June 30, 1978, there were 588,923 members, of whom approximately 10% are classified as "safety" members (principally fire and police duties) and the balance are classified as "miscellaneous" members (management, administrative, staff, operational and clerical employees).

Approximately one-third of the members are state personnel and the balance are local public agency personnel. As of June 30, 1978, the System provided retirement, death and survivor benefits under 1,008 contracts for local public agency employers (cities, counties, school districts, special districts and other public bodies) with 399,614 members. The System's funding is by employer and employee contributions together with investment income. Contributions fluctuate yearly depending on the number of members and their respective salary schedules.

Total assets of the System at June 30, 1978 were \$10,155,891,520 according to the annual audit. Of this amount net assets of \$9,922,946,249 were available for benefits.

The annual contribution by employers for the 1977/78 fiscal year was \$869,084,148. The annual

contribution by employees for the 1977/78 fiscal year was \$351,123,459.

The most recent actuarial valuation, performed by PERS, utilized census data as of June 30, 1977. The total unfunded obligation of the System was determined to be \$7,544,156,734. The method used was entry-age-normal cost, which is a projected benefit cost method wherein level employer normal cost rates, considering present member contributions, are calculated at amounts sufficient to fund benefits over the entire service life of members.

Except for the pooling of certain miscellaneous public agency members, actuarial evaluations are performed for each participating employer, and the total accrued actuarial liability noted above is the sum of the individual employer accounts. According to the PERS annual report, public agency employer contribution rates set forth between each agency and PERS will meet all ongoing costs and fund the unfunded liability for each agency in accordance with the terms of each agency's contract.

The System's financial statements are prepared on an accrual basis of accounting and the System's auditor is Touche Ross & Co., San Francisco, California. Citicorp Investment Management, Inc., San Francisco, provides investment advisory services. The System's actuarial activities are conducted internally on a continuous basis, with an experience analysis being required no less than every four years under the Retirement Law.

THE DISTRICT

Madera Unified School District is located in southwestern Madera County about midway between Sacramento and Bakersfield in the San Joaquin Valley. Bisected by U.S. Highway 99, the District covers approximately 440 square miles, including the City of Madera, the unincorporated communities of Berenda, Daulton, and Trigo, and surrounding county lands. The Fresno County line forms the southern boundary of the District. Present District population is estimated at 33,000 persons.

The District is situated in a fertile and productive agricultural area, giving rise to a strong local economy based on farm and vineyard products. Reflecting the agribusiness underpinning of District industrial and commercial activities, the three largest industrial employers within the District are a winery, a glass container producer, and a food processing plant. There are five wineries in the Madera area. The District is served by two main line railroads. Madera Industrial Park (150 acres) and Madera Air Park (600 acres) provide ample opportunities for industrial expansion.

As the seat of county government, the City of Madera enjoys employment stability in the form of county, state, and federal jobs, offsetting seasonal employment patterns found in some food-related establishments. Agreeable living conditions have contributed to recent population gains and high levels of residential construction activity in the District.

Population Characteristics

The District extends into all or part of four U.S. Census Divisions. The population characteristics of these Census Divisions shown below are cited from the 1970 Census.

Census Division	Population	Median Age	Percent Under 18	Percent 65 and Over	Persons Per Household
Madera (City of Madera)	16,044	27.2	37.1	11.5	3.18
Madera Rural	6,784	24.9	39.7	7.4	3.56
Madera Southeast	3,542	24.0	41.5	6.7	3.86
Madera West (part)	1,479	28.0	37.1	3.8	3.45

Current population estimates are available only for the City of Madera, discussed in a separate section of this Official Statement.

Employment

The District forms part of the Madera Labor Market (Madera County), reported on a quarterly basis by the State Department of Employment Development. Recent reports show increases for both the labor force and civilian employment, and a decline in the rate of unemployment.

Agriculture is the chief source of employment in the Madera Labor Market, accounting for approximately one-third of all wage and salary workers. In addition to substantial farm employment, agriculture creates numerous job opportunities in food processing, transportation, and wholesale trade throughout the area.

Government jobs provide the county's second leading source of employment, with over 18 percent of all wage and salary positions. State and local governments form the bulk of such employment.

Manufacturing is the third major source of employment in the county, accounting for approximately 15 percent of wage and salary workers. Nearly half of all industrial jobs are in food processing plants. The share of food-related jobs is expected to decline as automation techniques continue to be perfected and non-food companies enter the county in increasing numbers.

Other principal sources of employment in the county are retail trade and services, which together provided more than 4,300 jobs in 1978.

The Madera Employment Training Center, a 55.5-acre facility administered by the Bureau of Indian Affairs, is presently inactive and available for other use. It is anticipated that the Federal Bureau of Prisons will take over the property and develop a minimum security correctional facility at this location, adding to federal employment in the District. The number of jobs involved is not available at this time.

Employment data in the Madera Labor Market for the 1975-78 period are presented in Table 13. The largest employers in and near the District are listed in Table 14 on page 34.

United Vintners Inc. is the District's largest industrial employer. It is a subsidiary of Heublein, Inc. and is based in San Francisco. The firm was estab-

lished in 1879. Among their brand names are Italian Swiss Colony, Inglenook, Lejon, Jacques Bonet, and Gambarelli and Davitto. Employment at the local plant exceeds 400. United Vintners recently expanded the Madera winery.

Madera Glass Company, located adjacent to United Vintners near the center of the District, supplies the latter with glass bottles for wines and spirits. Employment is approximately 350 persons. The firm is a division of Indian Head Corporation.

Oberti Olive Company is a division of Tri Valley Growers, a San Francisco food packer and canner with plants at Modesto, Stockton, Madera, Turlock, and Los Banos. Employment at the Madera plant ranges from 300 to 550, depending on seasonal requirements.

Table 13

MADERA COUNTY

Labor Force and Employment

	1975	1976	1977	1978
Civilian Labor Force ^①	22,550	23,700	24,700	26,350
Employment	20,125	21,300	22,275	23,850
Unemployment	2,425	2,400	2,425	2,500
Unemployment Rate (%)	10.8	10.1	9.8	9.5
Wage and Salary Workers: ^②				
Agriculture	6,100	5,850	5,975	5,800
Construction, Mining	375	475	625	800
Manufacturing	2,275	2,575	2,525	2,775
Transportation, Utilities	500	575	550	700
Wholesale Trade	475	475	550	650
Retail Trade	2,000	2,125	2,175	2,425
Finance, Insurance, Real Estate	275	325	375	400
Services	1,425	1,475	1,625	1,925
Government—Federal	200	200	200	225
Government—State, Local	2,900	3,100	3,100	3,300
Total Wage and Salary	16,525	17,175	17,700	19,000

① Based on place of residence.

② Based on place of work.

Source: State Employment Development Department.

Table 14**Major Employers in the District and Vicinity**

Name	Product/Service	Number of Employees
United Vintners Inc.	Winery	400-750
Madera Glass Co.	Glass bottles	350
Oberti Olive Co., Div. Tri-Valley Growers	Olive products	300-550
*Certain-teed Corp.	Insulation materials	350
County of Madera	Government	500
United States Government	Government	200
Madera Unified School District	Education	900**
State of California	Government	175
City of Madera	Government	135
Pacific Gas & Electric Co.	Utility	70
Baltimore Aircoil of Calif.	Air conditioning equipment	150
*Trailmobile-Pullman	Truck trailers	140
*Anderson Clayton	Cotton ginning, cotton oil	129-305
K-Mart Stores	Retail sales	75**
Noble's Meat Co.	Meat packing	80-85
Thompson & Gill Inc.	Farm equipment	40-50
Bendix Corp.—E. B. Yancey Lumber	Wood products	75-100
*Paul Masson Sherry Cellars	Winery	28-55
*Wickes Forest Industries	Particleboard	50-100
Bisceglia Bros. Wine Co.	Winery	50-80
Minturn Cooperative Gin, Inc.	Cotton ginning	50-100
Leslie-Locke Bldg. Products Co.	Building materials	50
Truss Com	Building materials	50

*Outside the District.

**Full-time and part-time.

Source: Madera County Industrial Development Commission.

Transportation

Main line tracks of Southern Pacific and the Santa Fe Railway traverse the District. A spur track of Southern Pacific serves industrial areas southwest of Madera.

State Highway 99 serves principal cities of the Central Valley, passing through the District from northwest to southeast. State Highway 145 enters the District from the east, joins 99 at Madera, then runs south to a linkage with Interstate 5 and the Los Angeles area. About two miles north of the District, State Highway 152 runs west from 99, intersects Interstate 5 near Los Banos, then proceeds to San Jose and the Bay Area. More than 25 motor freight carriers serve the District.

Regularly scheduled air passenger and freight service is available at Fresno Air Terminal, 25 miles south of Madera. United Air Lines, PSA and Hughes Airwest provide frequent connections to California and national points. Madera Municipal Airport,

located northwest of the city center, has general aviation facilities.

Greyhound Bus Lines and Continental Trailways maintain terminals in Madera. United Parcel Service is available.

The deepwater Port of Stockton, 99 miles north of Madera on State Highway 99, handles coastal and ocean shipping.

Financial Services

Commercial banking services in the District are provided by Bank of America NT & SA, Crocker National Bank, Security Pacific National Bank, United California Bank, and Wells Fargo Bank. Additional financial services are made available by the Federal Land Bank Association of Madera, Guarantee Savings and Loan, Santa Barbara Savings and Loan, and the World Savings and Loan Association.

Utilities

Electric power and natural gas are supplied throughout the District by Pacific Gas and Electric Company. The City of Madera provides water and sewer service to city residents. Two private water companies serve portions of the District.

Education

In addition to Madera Unified School District, three denominational schools serve the Madera area, offering instruction from kindergarten through the twelfth grade. These schools have a combined enrollment of approximately 230 students.

Public educational instruction beyond high school in the District is provided by the State Center Community College District, which operates Fresno City College and Reedley College. Fresno City College, located approximately 20 miles south of Madera, maintains an extension facility in Madera.

California State University, Fresno occupies a 220-acre campus in a suburban setting north of that city. The University owns an additional 1,190 acres containing one of the best-equipped agricultural plants in the United States. A total of 88 undergraduate and 37 master's fields of study are available in agriculture, the humanities, business, education, engineering, and various professional programs. Fall 1978 University enrollment was 14,717, of whom 10,480 were full-time students.

At Turlock, 58 miles north of Madera, is California State College, Stanislaus. Established in 1957, it is the only four-year public educational institution in California offering the 4-1-4 semester calendar, in which two regular semesters bracket a one-month winter session devoted to single subjects or special courses of an intensive nature. There is a Performing Arts complex on the campus. Fall enrollment in 1978 was 3,306.

Recreation

In addition to recreational facilities maintained by the City of Madera (see "City of Madera"), District residents have access to the county-operated Madera Lake Park Recreational Area, Madera Golf and Country Club (private course), and the County Fairgrounds at Madera.

Excellent fishing, hunting, hiking, and camping are found both at lower elevations in the Valley and at the higher elevations of the Sierra Nevada in the eastern part of the county. The Minarets Wilderness, Devils Postpile National Monument, and the back country of Yosemite National Park attract both residents and visitors to spectacular mountain areas. In the foothills are Millerton Lake State Recreational Area, Bass Lake, the Golden Chain Theater (summer stock) at Oakhurst, and the historic Sugar Pine Railroad, a narrow gauge steam lumber route through scenic areas.

CITY OF MADERA

The City of Madera is located approximately 165 miles southeast of San Francisco, 240 miles north of Los Angeles, and 25 miles north of Fresno. It is the county seat of Madera County, and the center of a trading area of more than 30,000 people. City limits encompass approximately ten square miles. The city's present population is in excess of 19,000, or slightly more than half the District's total population.

Municipal Government

Madera was incorporated on March 27, 1907 and functions under the general laws of the State of California. The City Council consists of five members, including the Mayor. This body appoints a City Administrator, who is responsible for carrying out policies established by the City Council. City offices are located in a modernistic City Hall situated two blocks north of the County Government Center in downtown Madera.

The Madera Police Department situated adjacent to City Hall, consists of 40 full-time personnel. The

Fire Department has 27 full-time employees and 149 volunteers. Equipment includes six tankers and 19 fire trucks.

Population

In the decade of the sixties, Madera gained 1,614 new residents, an increase of about 11 percent over ten years. Through the first eight years of the present decade, population growth to date has exceeded 3,100, a gain of nearly 20 percent. Many new residents are persons who are employed in Fresno, but find Madera a more pleasant place to live. Some are attracted by the lower cost of housing in Madera. Table 15 shows relative population growth in the City of Madera and Madera County since 1940.

Housing

Approximately 80 percent of all housing units in Madera are single family homes. This is a decline from the 1970 U.S. Census, when single units comprised 88 percent of the city's housing stock. The City's housing patterns since 1970 are presented in the tabulation at the top of page 37.

Table 15
CITY OF MADERA POPULATION

Year	City of Madera	Percent Change	County of Madera	Percent Change
1940	6,457	—	23,314	—
1950	10,497	62.6%	36,964	58.5%
1960	14,430	37.5	40,468	9.5
1970	16,044	11.2	41,519	2.6
1979	19,200	19.7	54,700	31.7

Source: Decennial data, U.S. Census Bureau; January 1, 1979 estimates by State Department of Finance.

CITY OF MADERA

Type of Housing Units

Type	1970	1975	1976	1977	1978
Single	4,588	4,877	4,938	5,126	5,358
Multiple, 2-4	239	451	450	450	456
Multiple, 5+	328	562	634	634	634
Mobile Homes	60	147	169	177	181
Total	5,215	6,037	6,191	6,387	6,629

Source: U.S. Census Bureau and State Department of Finance.

Taxable Sales

Taxable sales in the city for 1978 were slightly less than \$100 million, a gain of 16 percent over the previous year. The past two years have seen an acceleration of taxable transactions, as reflected in the five-year summary of activity reported by retail and non-retail outlets shown in Table 16.

Country Club Village, a major new shopping center to be constructed by W. R. Grace Development Corporation, will be located on 10.9 acres east of Highway 99 and north of Cleveland Avenue, in the north central section of the city. Principal tenants are Lucky Stores and Longs Drug Stores. The City Planning Department states that all necessary permits have been secured by the developer and construction is expected to start in the near future.

reached a record level of \$16,903,000 in 1978, exceeding the 1977 total by over 62 percent, and exceeding the three-year total for 1974-76. Both residential and non-residential construction participated in the upswing.

The city awarded building permits for 1,444 housing units over the five years ending in 1978. Of this total, 820 were single family homes. For the year 1978, the average permit for new single houses was valued at \$29,945, and the average new multiple unit was valued at \$20,524, exclusive of land. A five-year summary of building permit valuations is shown in Table 17 on page 38.

During the first four months of 1979, building permit valuation in the city totaled \$13,423,000 compared with \$4,606,000 for the same months of 1978. In both periods, residential construction comprised the bulk of permit valuation.

Construction Activity

Building permit valuation in the City of Madera

Table 16

CITY OF MADERA

Taxable Transactions (Thousands of Dollars)

Calendar Year	Retail Outlets		All Outlets	
	Permits	Transactions	Permits	Transactions
1974	266	\$52,149	417	\$58,618
1975	266	57,288	427	64,223
1976	264	63,710	451	72,708
1977	278	75,116	469	86,113
1978	281	87,447	464	99,865

Source: State Board of Equalization.

Table 17**CITY OF MADERA****Building Permit Valuation
(Dollars in Thousands)**

Type	1974	1975	1976	1977	1978	1979 (4 Mos.)
Residential	\$2,612	\$2,750	\$6,587	\$ 8,226	\$13,649	\$12,122
New Commercial and Industrial	597	898	707	1,799	2,636	822
Other Nonresidential	259	933	886	384	618	479
Total Value	\$3,468	\$4,581	\$8,180	\$10,409	\$16,903	\$13,423
Number of New Housing Units:						
Single	73	64	171	238	274	73
Multiple	144	76	136	18	250	361
Total Units	217	140	307	256	524	434

Source: *California Construction Trends*, Security Pacific Bank.

Community Facilities and Recreation

Madera Community Hospital and two convalescent hospitals have a combined capacity of 226 beds. Eighteen doctors and ten dentists practice in the community.

The Madera County Library System maintains a library in Madera.

The Madera Daily Tribune and the weekly Madera Shopper furnish local news coverage. K-HOT Radio and KUUL FM broadcast from Madera.

The Madera District Fairgrounds are located adjacent to the city limits, providing opportunities for social events throughout the year. The City of Madera maintains six parks, 12 ball fields, and a swimming pool.

Other recreational and cultural facilities include the Madera Golf and Country Club (private), a motor raceway, the Madera Art Guild, Madera Museum, and the Madera Athletic Club.

COUNTY OF MADERA

Madera County covers 2,147 square miles of varied terrain in the geographical center of California. The western third of the county lies in the fertile San Joaquin Valley farm lands. From here the county extends northeast to the high peaks of the Sierra Nevada, including a portion of Yosemite National Park. Due to the county's topography, climatic conditions are diverse. In the City of Madera, average maximum temperatures range from 54 degrees in January to 99 degrees in July. In the more heavily populated valley areas, annual rainfall is about 10 inches.

The county was incorporated March 11, 1893, having previously been a part of Fresno County. The governing body is a five-member Board of Supervisors elected by districts. The County Administrative Officer, appointed by the Board, directs governmental affairs. There are 12 elected officials, including the County Superintendent of Schools.

There are two incorporated cities in the county, Madera and Chowchilla (population 4,780), both located on State Highway 99. The unincorporated community of Oakhurst is the center of trade in the eastern county. A satellite county government center was opened at Bass Lake in 1975.

Population and Income

In the twenty years between 1950 and 1970, the county's total population increased by only 4,555 persons compared with an increase of 13,650 in the decade of the forties. However, population growth has accelerated markedly in the seventies. The State Department of Finance estimates a January 1, 1979 population of 54,700, an increase of more than 13,000 over the 1970 U.S. Census. During this period the county's population growth was 31.7 percent, compared with 12.6 percent for the State of California. About three-fourths of the county's population growth in recent years has occurred in unincorporated areas.

Total personal income in Madera County for the year 1977 was \$339,800,000 according to the U.S. Department of Commerce. A history of per capita personal income and total personal income for recent years is shown in the tabulation below.

MADERA COUNTY

Personal Income

Year	Per Capita	Total Personal Income
1971	\$3,586	\$153,500,000
1973	4,894	216,800,000
1975	5,757	270,000,000
1977	6,702	339,800,000

Source: State Department of Finance and U.S. Department of Commerce, Bureau of Economic Analysis.

The 1978 Survey of Buying Power (Sales Management) estimates total effective buying income of \$233,798,000 for Madera County (1977 income). Median household effective buying income was \$11,553. Approximately 37 percent of all households in the county realized annual effective buying incomes of \$15,000 or more, according to this source.

Construction

Building permit valuation in the county has increased substantially in the past three years. Total permit valuation of \$72,344,000 in 1978 was almost 40 percent greater than 1977 and more than double the 1976 valuation. A history of permit valuations by years since 1974 is shown in the tabulation on page 40.

COUNTY OF MADERA

Building Permit Valuation

Calendar Year	Valuation		New Housing Units	
	Residential	Nonresidential	Single	Multiple
1974	\$ 8,710,000	\$ 5,194,000	329	178
1975	12,004,000	7,637,000	365	96
1976	25,252,000	8,123,000	720	170
1977	42,246,000	9,613,000	1,291	83
1978	50,013,000	22,331,000	1,324	360

Source: *California Construction Trends*, Security Pacific Bank.

Agriculture

Madera is one of California's leading agricultural counties, with farm production exceeding \$200 million annually. Principal agricultural commodities are grapes, cattle and calves, cotton, milk, alfalfa, and turkeys. Each of these major commodity groups accounted for more than \$15 million in gross production value last year, and eight others exceeded \$2 million each.

In recent years, steadily increasing acreage has been devoted to such high value crops as almonds, citrus, figs, grapes, olives, and pistachios. Wine grape acreage has almost quadrupled since 1968. Grapes and almonds account for more than three quarters of the county's permanent crop acreage. Both are important in the economy of the District. Gross value of farm output in the county since 1974 is shown in Table 18 on page 41.

Grapes accounted for over 30 percent of total county farm production values in 1978. The top twenty dollar crops for the year are shown in the tabulation to the right.

Taxable Sales

Between 1974 and 1978, new sales tax permits were taken out by 242 additional outlets in the county. Of this total, 169 were non-retail establishments, reflecting the growing importance of the manufacturing and services sectors of the economy. Table 19 on page 41 is a summary of taxable sales by individual years.

COUNTY OF MADERA

Twenty Largest Crops 1978

Crop	Gross Production Value
Grapes	\$69,953,000
Cattle and Calves	23,814,000
Cotton	19,622,000
Milk	18,238,000
Alfalfa	16,740,000
Turkeys	15,238,000
Almonds	6,768,000
Wheat	4,532,000
Pasture, Irrigated	4,510,000
Sugar Beets	3,787,000
Corn, Field	3,682,000
Pasture, Other	3,325,000
Oranges	3,022,000
Figs	2,487,000
Beans, Dry	1,880,000
Tomatoes	1,780,000
Corn, Silage	1,762,000
Barley, Irrigated	1,739,000
Vegetables	1,669,000
Peaches	1,568,000

Source: Madera County Agricultural Commissioner.

Table 18
COUNTY OF MADERA
Gross Value of Agricultural Production

Commodity	1974	1975	1976	1977	1978
Fruits and nuts	\$ 58,899,000	\$ 58,609,000	\$ 64,291,000	\$ 94,822,000	\$ 89,034,000
Field crops	73,251,000	66,723,000	77,340,000	71,015,000	63,228,000
Livestock and poultry	32,209,000	35,880,000	35,338,000	33,277,000	42,475,000
Animal products	16,631,000	17,942,000	18,635,000	19,277,000	19,517,000
Vegetables	766,000	2,368,000	1,844,000	2,436,000	3,449,000
Nursery stock	1,163,000	650,000	500,000	595,000	1,253,000
Apiary	603,000	634,000	573,000	466,000	791,000
Seed crops	347,000	584,000	557,000	539,000	446,000
Total	\$183,869,000	\$183,390,000	\$199,078,000	\$222,427,000	\$220,193,000

Source: Madera County Agricultural Commissioner.

Table 19
COUNTY OF MADERA
Taxable Transactions

Year	Retail Outlets		All Outlets	
	Permits	Transactions	Permits	Transactions
1974	599	\$ 90,005,000	1,203	\$124,314,000
1975	620	96,097,000	1,246	132,087,000
1976	625	109,202,000	1,305	151,867,000
1977	663	125,835,000	1,387	182,612,000
1978	672	146,345,000	1,445	211,897,000

Source: State Board of Equalization.

Proposed Form of Legal Opinion of
Orrick, Herrington, Rowley & Sutcliffe,
San Francisco, California

Madera Unified School District
School Building Corporation
Madera, California

Madera Unified School District School
Building Corporation Series of 1979 Bonds
(Final Opinion)

Dear Sirs:

We hereby certify that we have examined the record of proceedings submitted to us relative to the issuance of \$2,600,000 principal amount of bonds designated "Madera Unified School District School Building Corporation Bonds, Series of 1979" (the "Bonds") of Madera Unified School District School Building Corporation (the "Corporation"), issued under an indenture dated as of September 1, 1979 (the "Indenture") between the Corporation and United California Bank, as trustee (the "Trustee").

The Bonds are authorized to be issued in coupon form in the denomination of \$5,000 each or in fully registered form in the denomination of \$5,000 each or in any authorized multiple thereof not exceeding the aggregate principal amount of Bonds maturing in any one year. Coupon Bonds and fully registered Bonds are interchangeable at the principal office of the Trustee in San Francisco, California, upon the terms and conditions set forth in the Indenture. The Bonds are dated September 1, 1979. The coupon Bonds are numbered, and the Bonds mature on March 1 in the years and amounts and bear interest (payable annually the first year on March 1, 1980 and semiannually thereafter on September 1 and March 1 in each year) at the rates as set forth in the following schedule:

<u>Coupon Bond Numbers (inclusive)</u>	<u>Maturity Date March 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
1 - 9	1982	\$ 45,000	%
10 - 19	1983	50,000	
20 - 30	1984	55,000	
31 - 41	1985	55,000	
42 - 53	1986	60,000	
54 - 66	1987	65,000	
67 - 81	1988	75,000	
82 - 97	1989	80,000	
98 - 114	1990	85,000	
115 - 133	1991	95,000	
134 - 153	1992	100,000	
154 - 175	1993	110,000	
176 - 199	1994	120,000	
200 - 224	1995	125,000	
225 - 251	1996	135,000	
252 - 281	1997	150,000	
282 - 313	1998	160,000	
314 - 348	1999	175,000	
349 - 386	2000	190,000	
387 - 427	2001	205,000	
428 - 471	2002	220,000	
472 - 520	2003	245,000	

Both the principal of and interest on the Bonds are payable in lawful money of the United States of America at the principal office of the Trustee in San Francisco, California, or, in the case of coupon Bonds, at the option of the holder at the principal office of Bankers Trust Company in New York, New York, or at the office of Harris Trust and Savings Bank in Chicago, Illinois, or at the principal office of United California Bank in Los Angeles, California.

The Bonds are subject to redemption prior to their respective stated maturities, as provided in the Indenture, from proceeds of insurance or eminent domain proceedings. Bonds maturing on or prior to March 1, 1995 are not otherwise subject to redemption prior to their respective stated maturities. Bonds maturing on or after March 1, 1996 are also subject to redemption prior to their respective stated maturities, at the option of the Corporation, upon the terms stated in the Bonds and in the Indenture.

The Indenture authorizes the issuance of additional series of bonds, which will rank equally as to security with the Bonds, regardless of the time of their issuance, upon the terms and subject to the conditions set forth in the Indenture.

The Indenture and the rights and obligations of the Corporation and the holders and registered owners of the Bonds may be modified or amended in the manner and subject to the restrictions and limitations contained in the Indenture.

In our opinion, such proceedings show lawful authority for the issuance of the Bonds under the laws of the State of California now in force, and the Bonds have been duly authorized and constitute valid, legal and binding obligations of the Corporation payable in accordance with their terms and secured as provided in the Indenture.

We are further of the opinion that:

1. The Corporation is duly organized and existing under the laws of the State of California as a nonprofit corporation.

2. The Indenture has been duly and legally authorized, executed, delivered and recorded and is a valid, legal and binding obligation of the Corporation. The Indenture constitutes a first lien upon the trust estate more particularly described therein, subject only to the Facility Lease from the Corporation to the District hereinafter mentioned and the other exceptions set forth in the policy of title insurance insuring the Trustee and dated the date of this opinion.

3. The lease from the Madera Unified School District (the "District") to the Corporation, dated as of September 1, 1979 and designated "Site Lease," and the lease from the Corporation to the District, dated as of September 1, 1979 and designated "Facility Lease," have been duly authorized, executed and delivered and have been duly recorded and constitute legal, valid and binding instruments. The obligation of the District to pay each year's rentals during the term of the Facility Lease will be valid and enforceable in accordance with the terms of the Facility Lease, subject to the limitations on legal remedies against school districts in the State of California. The rentals payable by the District to the Corporation under the terms of

the Facility Lease constitute the primary source of funds of the Corporation for the payment of the Bonds, and such rentals are payable only from funds of the District legally available therefor.

4. Interest on the Bonds is exempt from federal income taxes under existing laws, rulings, regulations and court decisions, and a specific ruling of the United States Treasury Department to the Corporation, and under said ruling the income of the Corporation will not be subject to federal income taxes. Interest on the Bonds is also exempt from State of California personal income taxes under existing laws and the Bonds are exempt from all State of California taxes except inheritance, estate, gift and franchise taxes.

5. In connection with the opinions expressed herein, the rights under the Bonds, the Indenture, the Site Lease and the Facility Lease are subject to laws relating to bankruptcy or insolvency or other laws affecting creditor's rights.

We remain, dear sirs,

Faithfully yours,

ORRICK, HERRINGTON, ROWLEY &
SUTCLIFFE

per

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